

Fiscal Year 2022 (ended March 31, 2023)
Financial Results,
Updates on the Medium-term Business
Strategy “CS B2024”

Brother Industries, Ltd.
May 8, 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.

◆ Financial Results

- Highlights
- Results for FY2022
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- Financial Position/ Cash Flows/ Capital Expenditure, Depreciation & Amortization/ R&D Expense
- Shareholder Returns
- Appendix
 - Results for FY2022Q4 (Jan.-Mar.)
 - Business Segment Information (Results for FY2022)
 - Business Segment Information (Forecast for FY2023)

◆ Updates on the Medium-term Business Strategy “CS B2024”

Highlights

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Results for FY2022

- ◆ **Sales revenue** **815.3 billion yen/ +14.7% (year-on-year)**

 - ✓ Revenue increased due to positive FX effects, an increase of hardware sales in the P&S business compared to the previous fiscal year when there were supply constraints, and other factors

- ◆ **Business segment profit** **60.4 billion yen/ -28.6% (year-on-year)**

 - ✓ In the P&S business, gross profit decreased due to the change in the sales ratio of hardware and consumables as well as decreased sales of consumables, despite effects from price adjustments
 - ✓ Profit decreased substantially due to an increase in SG&A, soaring parts and materials costs, and other factors

- ◆ **Operating profit** **55.4 billion yen/ -35.2% (year-on-year)**

 - ✓ Impairment losses on a part of goodwill in the Domino business were recorded, despite gain on sales of fixed assets

- ◆ **Net income*** **39.1 billion yen/ -36.0% (year-on-year)**

*: Net income attributable to owners of the parent company

Highlights

(Forecast for FY2023/Shareholder returns)

Forecast for FY2023

◆ **Sales revenue** **840.0 billion yen/ +3.0% (year-on-year)**

◆ **Business segment profit** **70.0 billion yen/ +15.9% (year-on-year)**

- ✓ Incorporating high parts and materials costs as well as increased SG&A, including personnel expenses, into the forecast, the Company will continue to make prior investments for the future as stated in the medium-term business strategy “CS B2024”
- ✓ Revenue and profit are expected to increase due to growth in the industrial area and recovery in profitability of the P&S business

Shareholder returns

- ✓ Annual dividend for FY2022 of 68 yen per share (planned)
(4 yen increase from the previous fiscal year)
- ✓ Annual dividend for FY2023 of 68 yen per share (planned)

Results for FY2022

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Consolidated Results for FY2022

Revenue increased, due mainly to higher hardware sales in the P&S business, in addition to positive FX effects. Business segment profit decreased substantially due to an increase in SG&A, soaring parts and materials costs, and other factors. As for operating profit, impairment losses on a part of goodwill in the Domino business were recorded

(100 Millions of Yen)

	FY21 Annual	FY22 Annual	Change (w/o FX)	Rate of Change (w/o FX)	Previous Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	7,109	8,153	1,043 (228)	14.7% (3.2%)	8,250	-97 (-125)	-1.2% (-1.5%)
Business Segment Profit	846	604	-241 (-294)	-28.6% (-34.8%)	650	-46 (-64)	-7.1% (-9.9%)
Business Segment Profit Ratio	11.9%	7.4%			7.9%		
Other income/expense	9	-50	-60		80	-130	
Operating Profit	855	554	-301	-35.2%	730	-176	-24.1%
Operating Profit Ratio	12.0%	6.8%			8.8%		
Income before Tax	864	570	-295	-34.1%	730	-160	-22.0%
Net Income attribute to parent company	610	391	-219	-36.0%	510	-119	-23.4%
USD	112.86	134.95	22.09		135.13	-0.18	
EUR	131.01	141.24	10.23		139.67	1.57	

<Ref.> FX sensitivity* (FY22 Results)
(billions of yen)

	Sales	Business Segment Profit
USD	1.6	-0.6
EUR	1.1	1.0

*Annual impact of JPY 1 change

- Gain and loss on sale of fixed assets: +5.3 billion yen
- Impairment losses on a part of goodwill in the Domino business: -10.6 billion yen

Results for FY2022

(100 Millions of Yen)

Sales revenue				Business segment profit			Operating profit		
	FY21	FY22	Change	FY21	FY22	Change	FY21	FY22	Change
P&S	4,242	4,967	725	598	371	-227	594	365	-230
Machinery	905	964	59	126	95	-30	126	98	-27
Domino	847	1,008	161	52	56	4	43	-58	-101
Nissei	207	235	27	14	19	5	13	18	5
P&H	500	510	10	81	58	-23	82	59	-24
N&C	296	353	57	-27	5	32	-6	8	14
Other	111	116	4	3	1	-2	2	64	62
Total	7,109	8,153	1,043	846	604	-241	855	554	-301

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

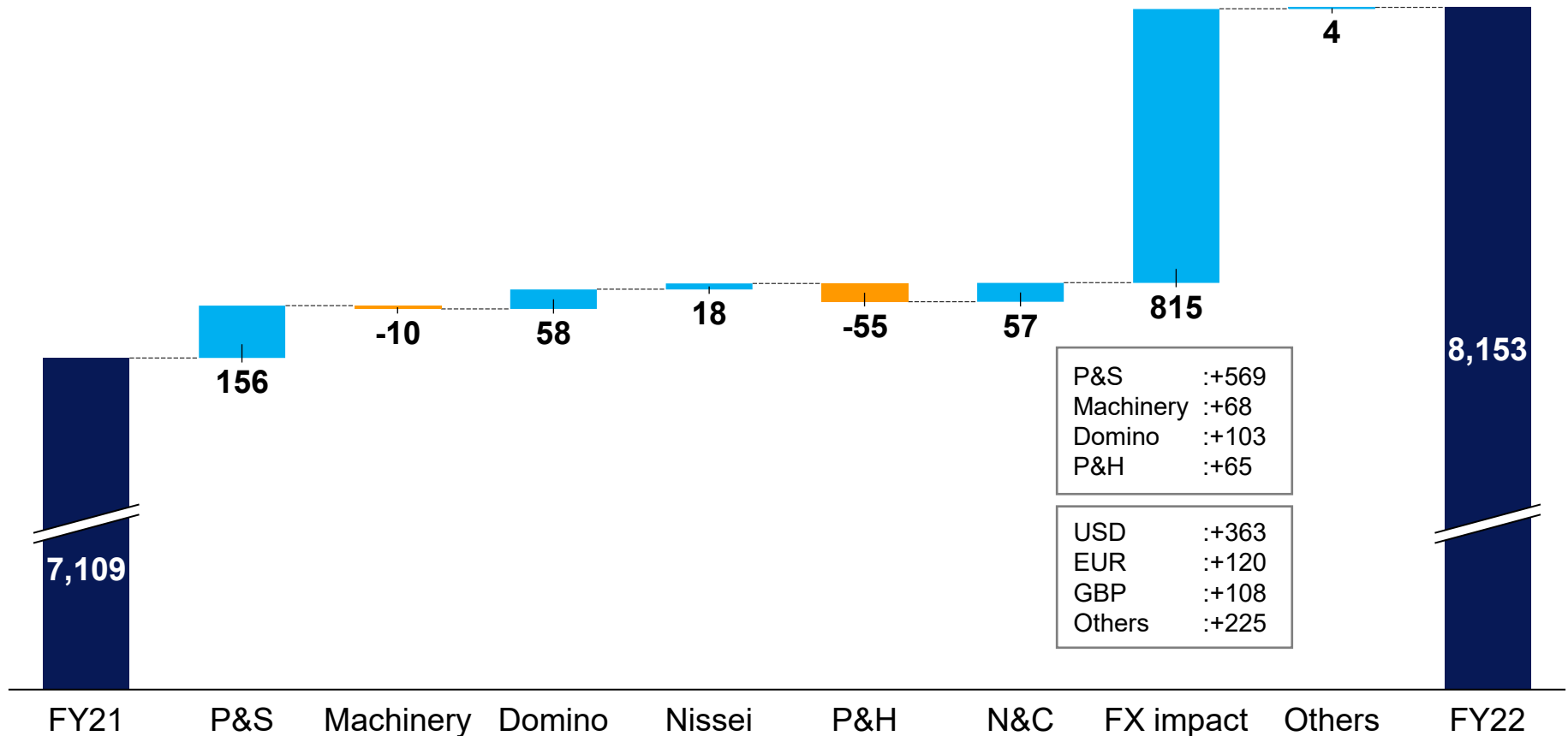
Business

Review of FY2022 (on a results basis excluding FX effects)

P&S	<ul style="list-style-type: none"> • [Communications & Printing Equipment] Revenue increased due to higher hardware sales accompanying recovery from supply constraints as well as price adjustments, despite decreases mainly in sales of consumables due to the continued impact of inventory control in the U.S. and European channels and others • [Labeling] Revenue decreased due to supply constraints resulting from a shortage of parts and materials • Profit decreased due to higher parts and materials costs, SG&A, and promotion, in addition to the decrease in gross profit accompanying the change in the sales ratio of hardware and consumables in Communications & Printing equipment, and lower sales of consumables
Machinery	<ul style="list-style-type: none"> • [Machine Tools] Revenue increased due to firm demand in the automotive and general machinery markets, despite supply constraints caused by shortages of parts and materials • [Industrial Sewing Machines] Revenue decreased due to lower demand for capital investment in the Industrial Sewing Machines and downturn after a surge in demand brought about by COVID-19 in the Garment Printers. • Profit decreased due to soaring parts and materials costs, higher SG&A, and investments for growth
Domino	<ul style="list-style-type: none"> • Revenue increased due to firm performance of consumables and solid demand for C&M hardware • As for operating profit, impairment losses on a part of goodwill were recorded due to a rise in the discount rate in response to soaring interest rates
Nissei	<ul style="list-style-type: none"> • Both revenue and profit increased due to the firm performance of reducers accompanying expanding needs for automation in factories
P&H	<ul style="list-style-type: none"> • Both revenue and profit decreased due to the worsening of the product mix caused by a decrease in sales of middle- and high-end models as stay-at-home demand has run its course
N&C	<ul style="list-style-type: none"> • With the recovery of market conditions from COVID-19, sales at karaoke clubs increased and sales of karaoke systems were strong, resulting in a turnaround to profitability

Revenue increased due to higher hardware sales in the P&S business and other businesses, in addition to positive FX effects

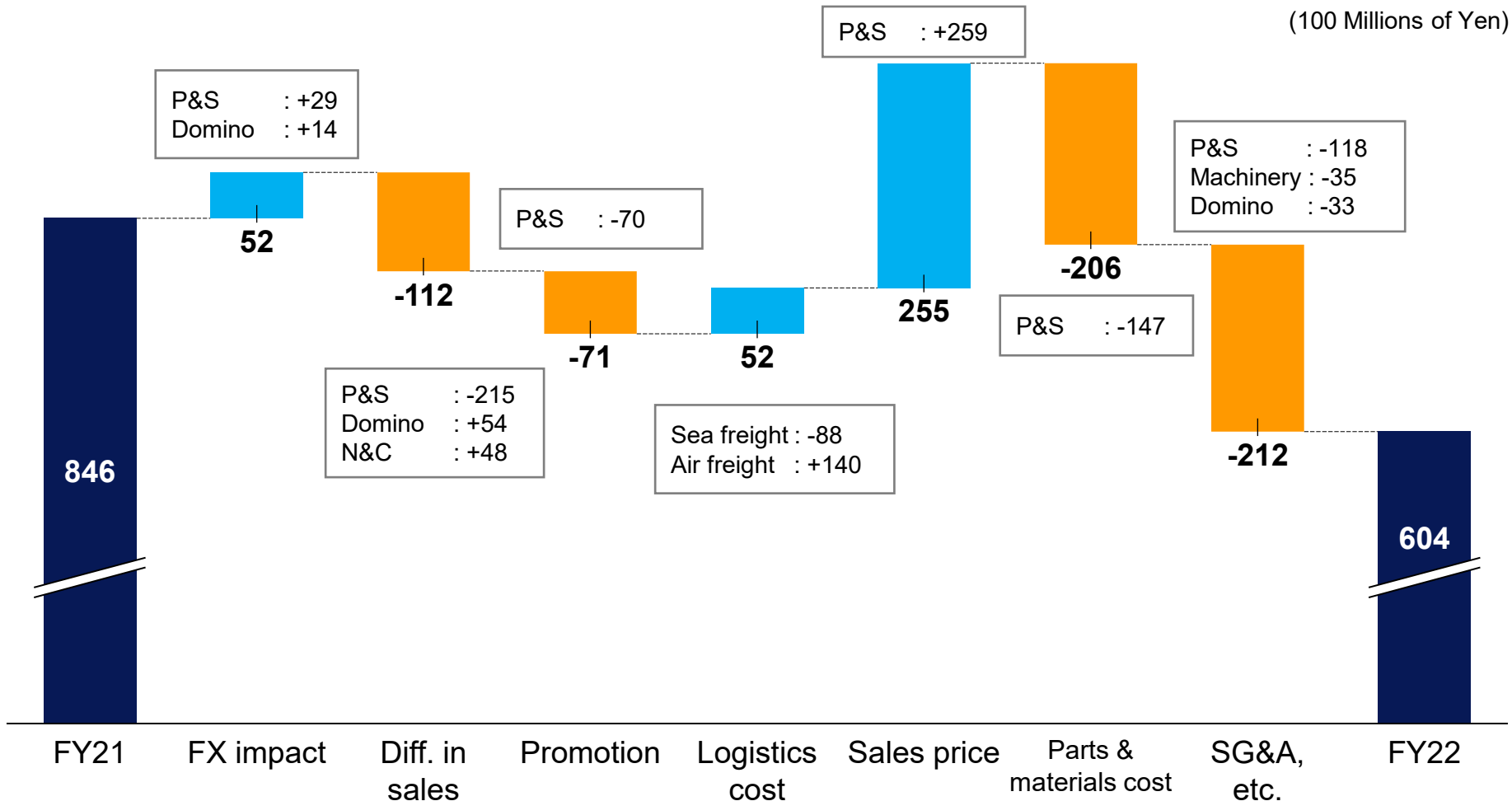
(100 Millions of Yen)



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

Main Factors for Changes in Business Segment Profit

Despite effects from price adjustments mainly in the P&S business, profit decreased substantially due to factors such as the lower gross profit caused by the change in the sales ratio of hardware and consumables and decreased sales of consumables mainly in the P&S business, as well as an increase in SG&A, and parts and materials costs



Forecast for FY2023

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■ Preconditions for forecast for FY2023 (Recognition of business environment)

(Blue indicates positive change from the previous year; red indicates negative change.)

Exchange rate precondition		1USD=135 yen, 1EUR=140 yen
Demand	P&S	Work-from-home demand has run its course and print volume is slowly declining. The Commercial & Industrial Labeling market is expanding
	Machine Tools	Despite the economic cycle entering a downward phase, demand for small machine tools is increasing due to the growth of the Chinese and Indian markets, the conversion to electric vehicles, and the growing awareness of carbon neutrality
	Domino	C&M demand remains firm due to growing awareness of traceability
Supply	P&S(Labeling) /Machine tools	Supply constraints caused by parts and materials shortages has settled
Costs	Promotion	In the P&S business, promotion is increasing as competitors' production capacity recovers
	Logistics	Subsiding of sea freight hikes
	Parts & materials	Parts and materials costs remain high due to the impact of inflation and other factors
	SG&A	Personnel expenses and other costs are increasing on a global basis

Revenue and profit are expected to increase due to growth in the industrial area and recovery in profitability of the P&S business

(100 Millions of Yen)

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

Forecast for FY2023 by Business Segment

(100 Millions of Yen)

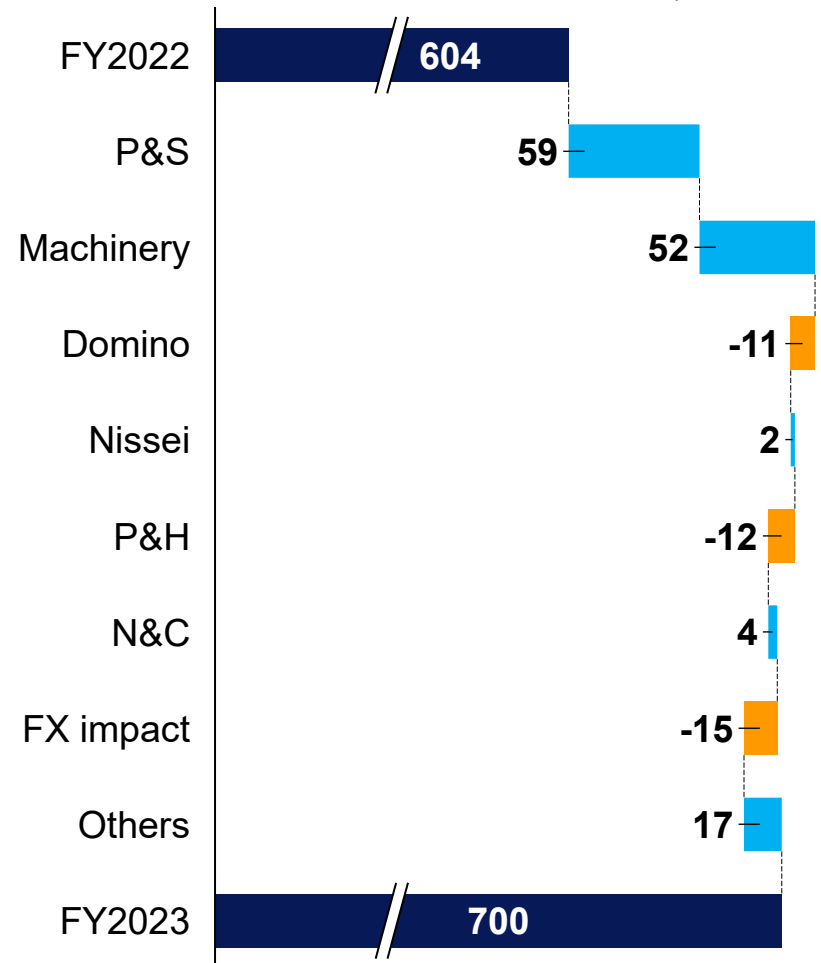
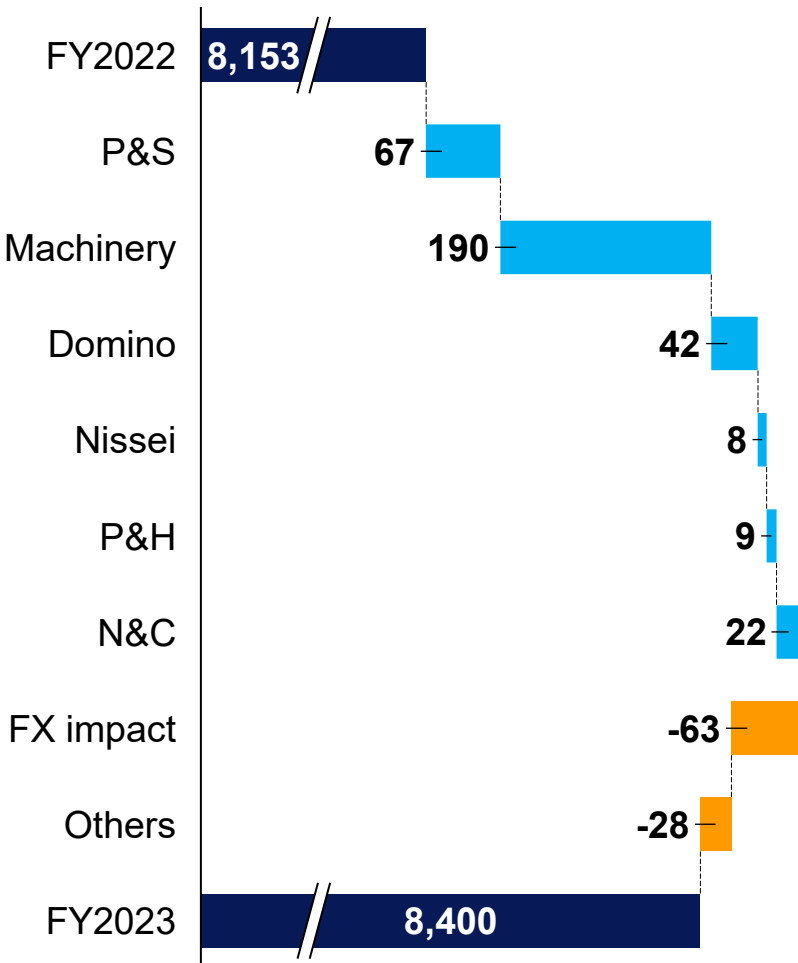
Sales revenue				Business Segment Profit			Operating Profit		
	FY22 Actual	FY23 Forecast	Change	FY22 Actual	FY23 Forecast	Change	FY22 Actual	FY23 Forecast	Change
P&S	4,967	4,970	3	371	415	44	365	415	50
Machinery	964	1,156	192	95	148	53	98	148	50
Domino	1,008	1,058	50	56	45	-11	-58	45	103
Nissei	235	242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

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

Changes in Sales Revenue

Changes in Business Segment Profit

(100 Millions of Yen)



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

Financial Position/ Cash Flows/ Capital Expenditure, Depreciation & Amortization/ R&D Expense

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Financial Position

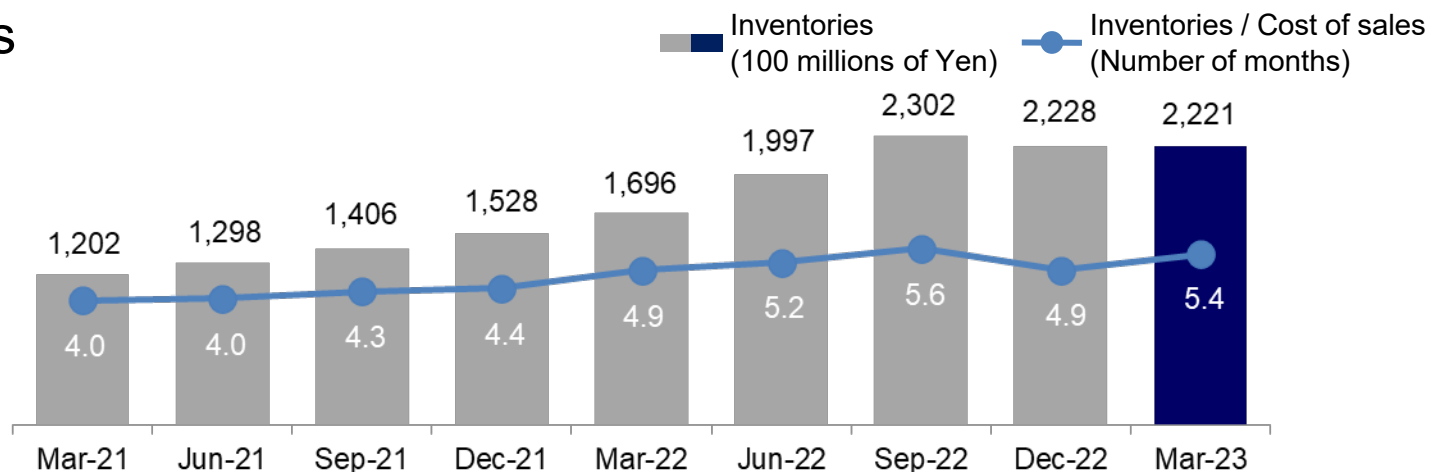
(100 Millions of Yen)

	End of Mar. 22	End of Mar. 23	Change
Current assets	4,767	5,117	350
Cash&Cash equivalents	1,679	1,190	-489
Inventories	1,696	2,221	526
Non-current assets	3,344	3,387	43
Total liabilities	2,499	2,538	39
Interest-bearing debt	408	374	-34
Shareholders' equity*	5,611	5,966	355
Total assets	8,111	8,505	393

*Equity attributable to owners of the parent company

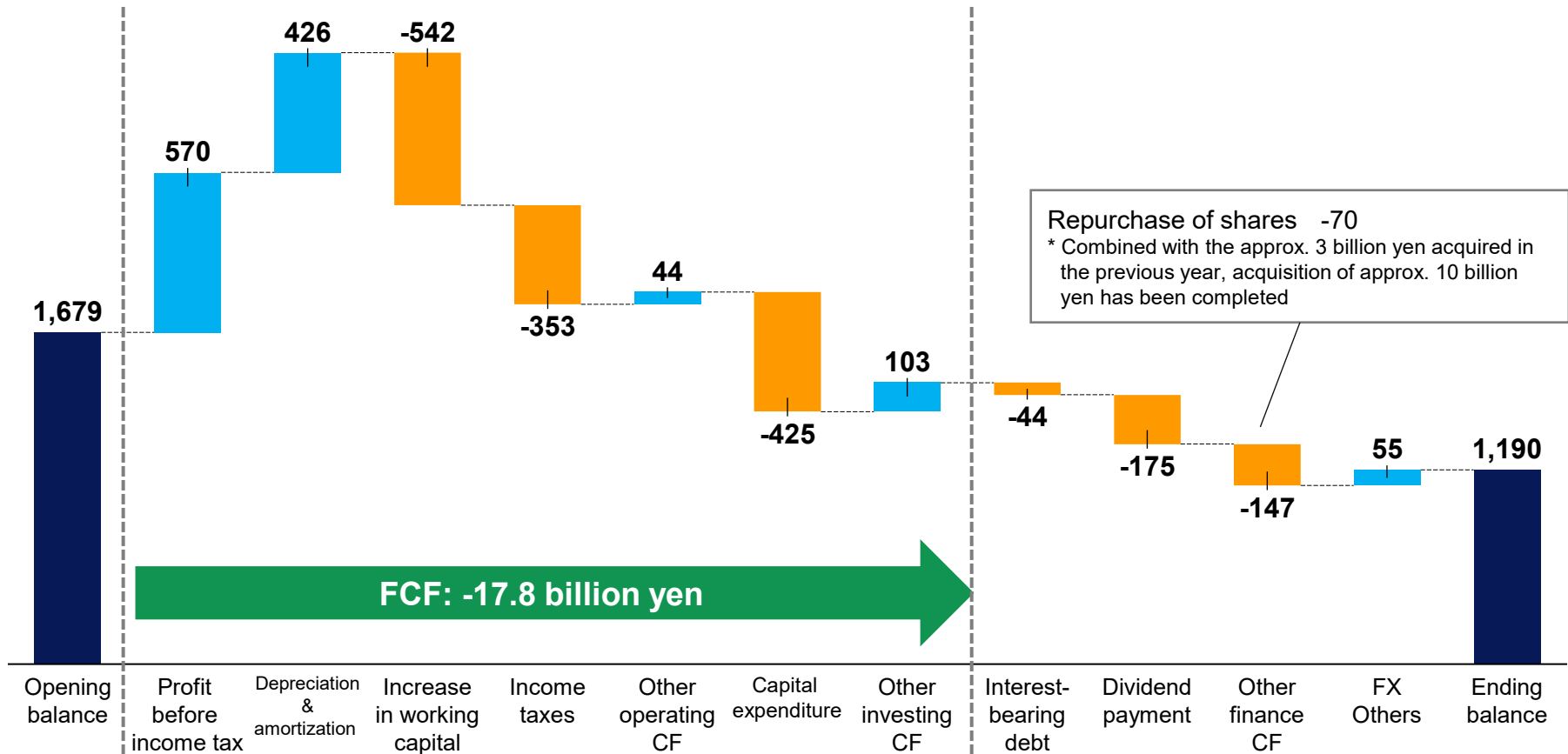
	End of Mar. 22	End of Mar. 23	Change
Net cash	1,271	816	-455
Shareholders' equity ratio	69.2%	70.2%	1.0
ROE	11.7%	6.8%	-4.9

Inventories



FY2022 Cash Flow Analysis

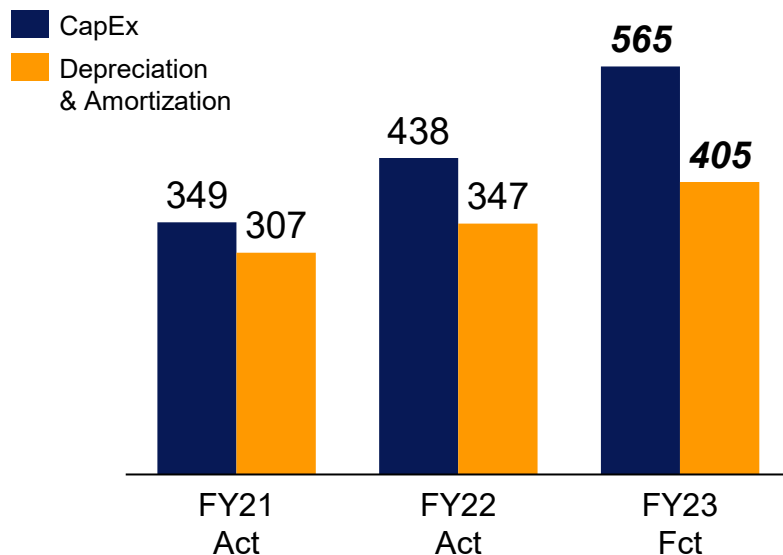
(100 Millions of Yen)



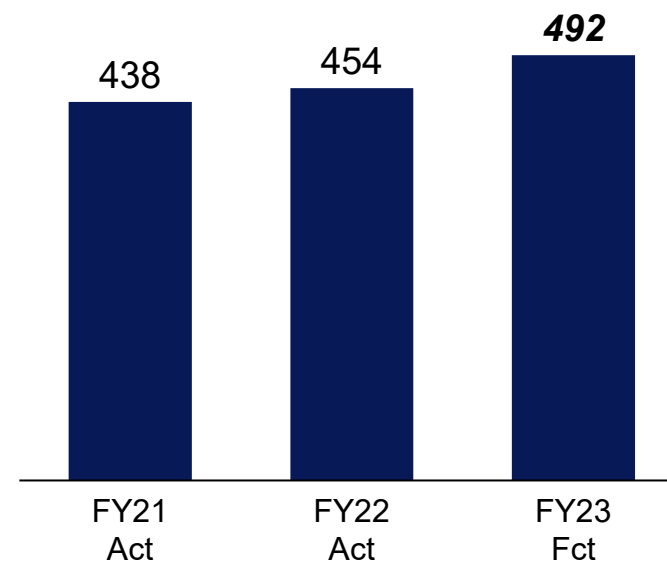
Capital Expenditure, Depreciation and Amortization/ R&D Expenses

(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

Shareholder Returns

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Annual dividend for FY2022 of 68 yen per share.
(4 yen increase from the previous fiscal year)
Annual dividend for FY2023 of 68 yen per share.

[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 (planned)	68 yen (planned)
FY2023	34 yen (planned)	34 yen (planned)	68 yen (planned)

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Results for FY2022 Q4 (Jan.-Mar.)

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Consolidated Results for FY2022 Q4

Revenue increased, due mainly to higher hardware sales in the P&S business, in addition to positive FX effects. Business segment profit decreased substantially due to increases in SG&A, parts and materials costs, and promotion as well as other factors. Operating profit turned negative due to impairment losses on a part of goodwill in the Domino business.

(100 Millions of Yen)

	21Q4	22Q4	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	1,760	2,018	258 (104)	14.7% (5.9%)
Business Segment Profit	116	84	-32 (-35)	-27.5% (-30.3%)
Business Segment Profit Ratio	6.6%	4.2%		
Other income/expense	-22	-121	-99	
Operating Profit	95	-36	-131	-
Operating Profit Ratio	5.4%	-1.8%		
Income before Tax	97	-32	-128	-
Net Income	68	-39	-107	-
USD	117.10	133.26	16.16	
EUR	131.30	143.34	12.04	

- Impairment losses on a part of goodwill in the Domino business: -10.6 billion yen

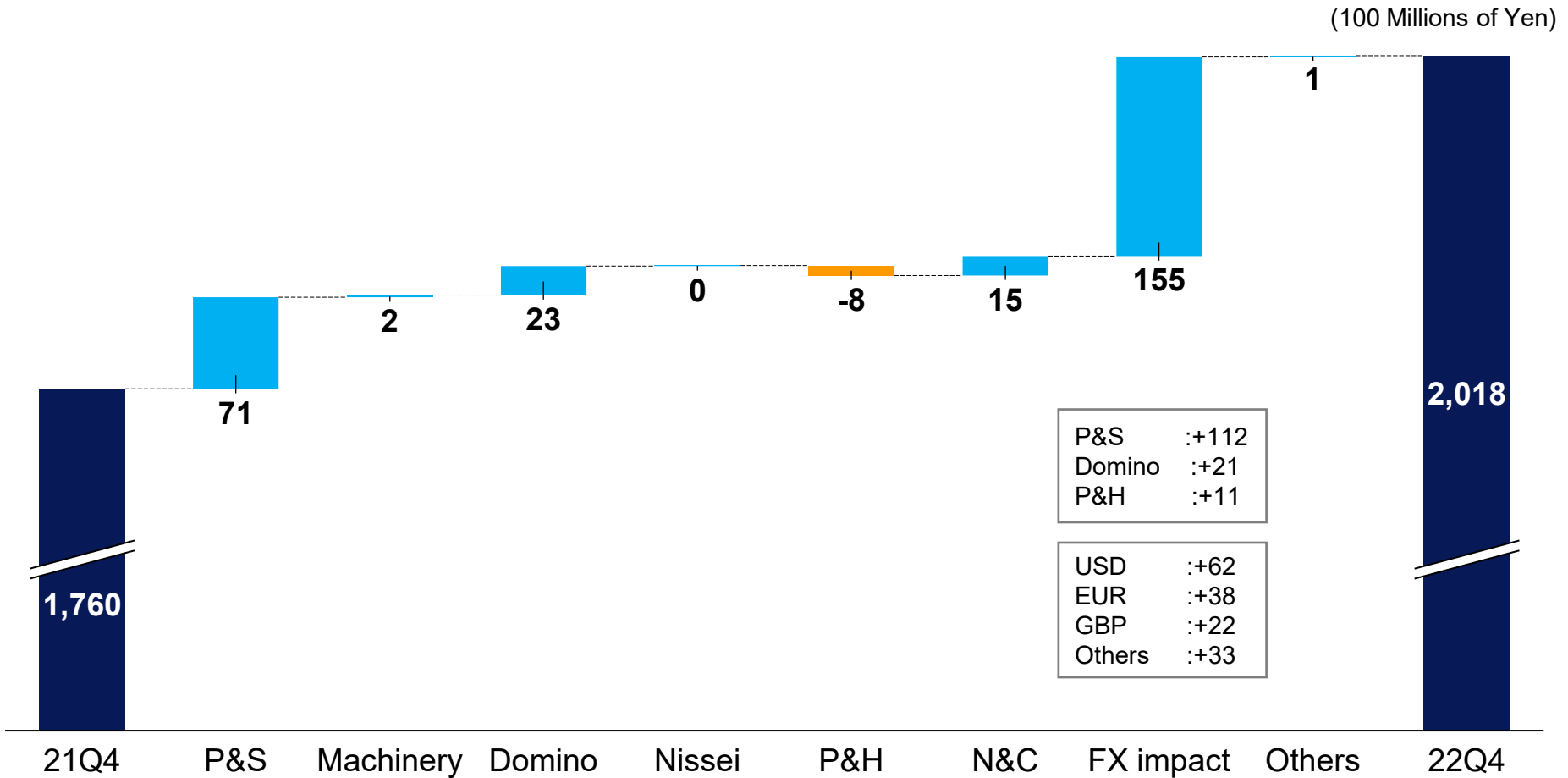
Results for FY2022 Q4 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	21Q4	22Q4	Change	21Q4	22Q4	Change	21Q4	22Q4	Change
P&S	1,042	1,225	183	96	50	-46	88	38	-49
Machinery	223	233	10	20	15	-5	20	14	-6
Domino	222	265	44	0	15	15	-7	-98	-91
Nissei	53	55	2	0	0	1	-1	-1	0
P&H	111	115	4	8	10	2	8	10	1
N&C	77	92	15	-8	-1	7	-9	-2	7
Other	32	33	1	-1	-6	-5	-4	3	7
Total	1,760	2,018	258	116	84	-32	95	-36	-131

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

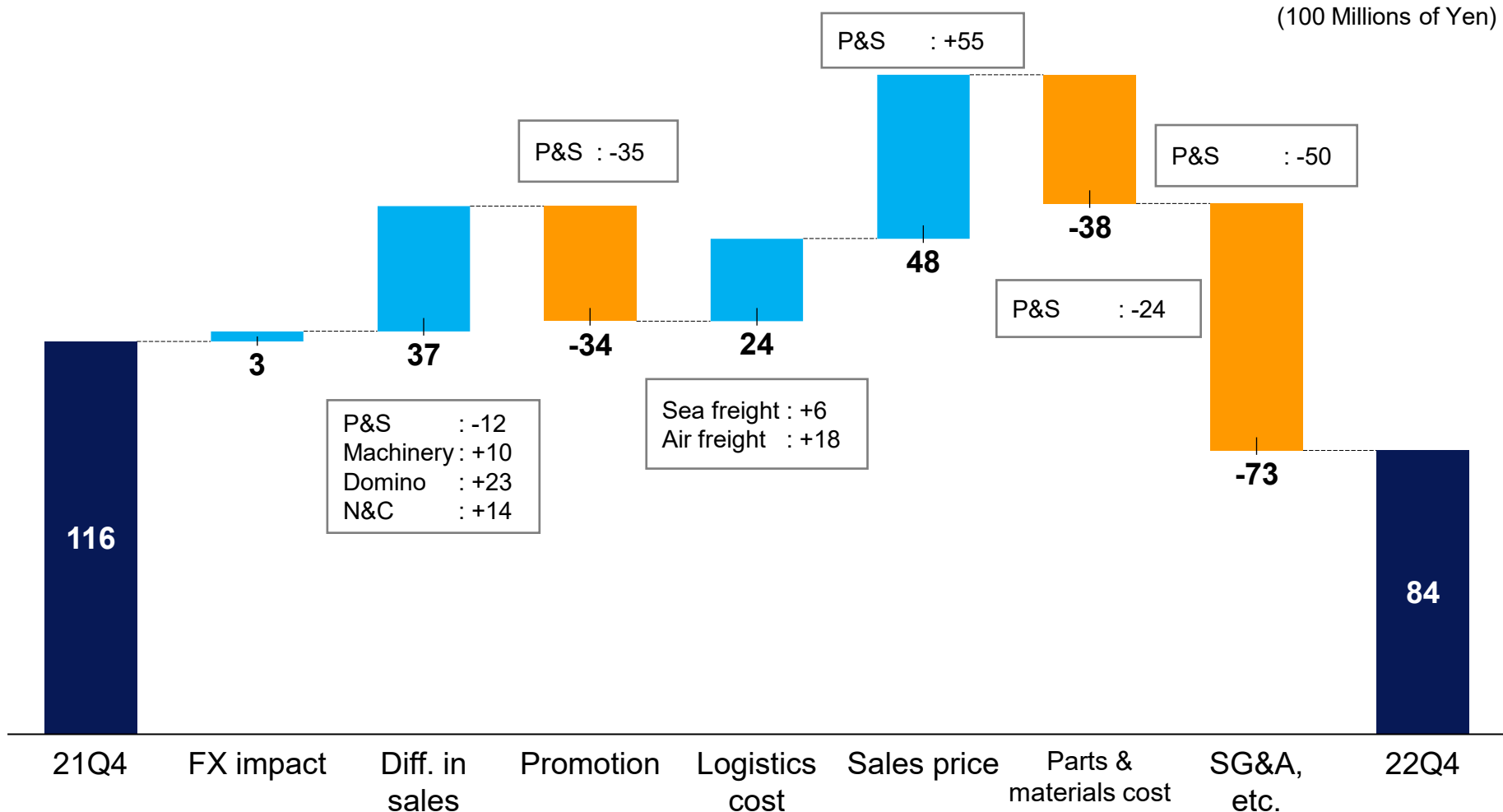
In addition to positive FX effects, revenue increased due mainly to higher hardware sales in the P&S business



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

Main Factors for Changes in Business Segment Profit

Despite the price adjustments and positive effect of increased revenue mainly in the Domino business, profit decreased substantially due to increases in SG&A, parts and materials costs, and promotion as well as other factors



Business Segment Information (Results for FY2022)

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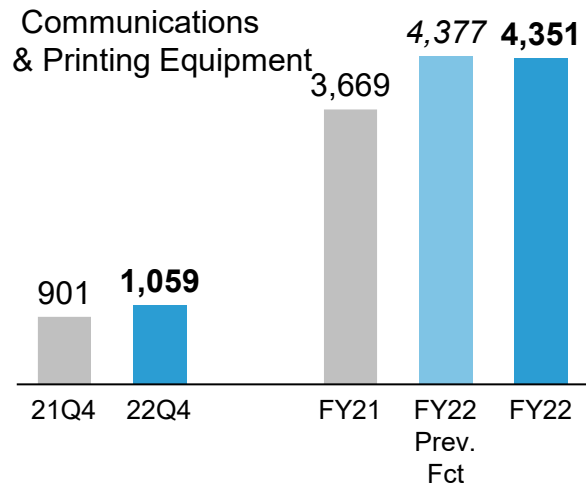
Printing & Solutions Sales Revenue & Profit

(100 Millions of Yen)

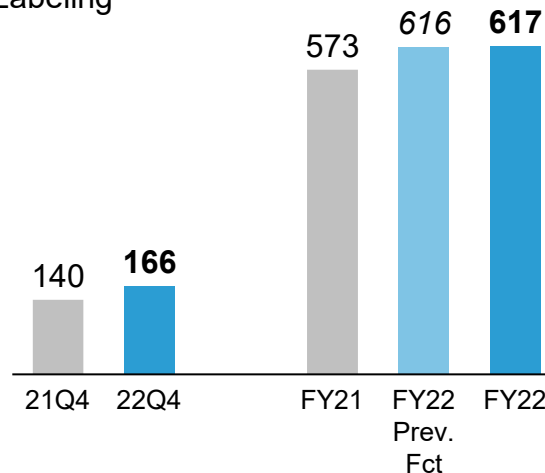
	21Q4	22Q4	Change	Change w/o FX
Sales Revenue	1,042	1,225	17.6%	6.8%
Communications & Printing Equipment	901	1,059	17.5%	6.7%
Americas	328	421	28.2%	13.0%
Europe	319	363	13.8%	3.6%
Asia & Others	151	181	19.7%	11.5%
Japan (includes OEM)	104	95	-8.4%	-10.8%
Labeling	140	166	18.3%	7.6%
Americas	61	74	20.2%	6.2%
Europe	45	56	24.1%	13.3%
Asia & Others	20	22	7.7%	0.3%
Japan	14	14	5.6%	5.6%
Business Segment Profit	96	50	-47.6%	-
Operating Profit	88	38	-56.3%	-

	FY21	Previous Forecast	FY22	Change vs LY	Change w/o FX
Sales Revenue	4,242	4,993	4,967	17.1%	3.7%
Communications & Printing Equipment	3,669	4,377	4,351	18.6%	5.0%
Americas	1,307	1,741	1,688	29.1%	8.6%
Europe	1,210	1,332	1,351	11.7%	2.7%
Asia & Others	698	839	847	21.5%	7.9%
Japan (includes OEM)	455	465	464	2.1%	-3.8%
Labeling	573	616	617	7.5%	-4.8%
Americas	260	289	286	10.1%	-7.3%
Europe	173	182	186	7.6%	-0.8%
Asia & Others	91	99	98	7.6%	-4.3%
Japan	49	46	46	-6.7%	-6.7%
Business Segment Profit	598	370	371	-37.9%	-
Operating Profit	594	376	365	-38.7%	-

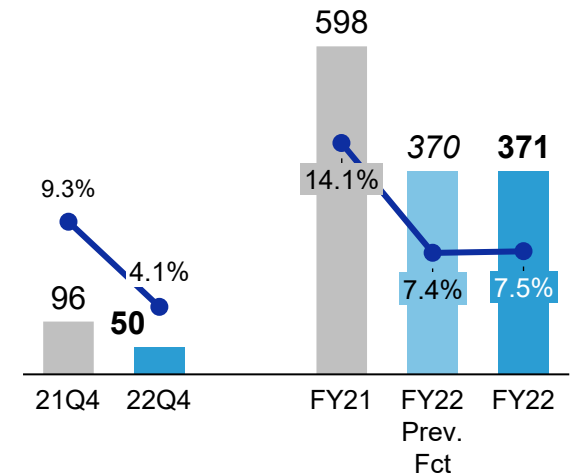
<Sales Revenue>



Labeling



<Business Segment Profit> —●— Profit ratio



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

brother
at your side

	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	FY20	FY21	FY22
LBP															
Sales revenue growth rate (JPY/YoY)															
Hardware	6%	19%	18%	18%	-10%	-4%	-9%	-8%	41%	45%	42%	36%	15%	-8%	41%
Consumable	-18%	1%	0%	-1%	21%	15%	14%	16%	18%	-8%	0%	4%	-5%	16%	3%
Sales revenue growth rate (LC/YoY)															
Hardware	11%	22%	21%	18%	-16%	-9%	-15%	-13%	25%	23%	21%	23%	18%	-13%	23%
Consumable	-15%	2%	2%	-3%	12%	9%	6%	9%	7%	-20%	-13%	-6%	-4%	9%	-8%
IJP															
Sales revenue growth rate (JPY/YoY)															
Hardware	-37%	-49%	-12%	-3%	90%	95%	17%	15%	18%	32%	46%	39%	-25%	45%	33%
Consumable	-23%	-1%	9%	-6%	11%	-6%	-3%	2%	19%	-2%	8%	13%	-5%	0%	9%
Sales revenue growth rate (LC/YoY)															
Hardware	-33%	-48%	-9%	-3%	79%	87%	11%	10%	8%	16%	30%	27%	-23%	38%	20%
Consumable	-20%	-1%	10%	-8%	5%	-10%	-7%	-2%	11%	-12%	-2%	4%	-5%	-4%	0%
Consumable Ratio	55%	57%	55%	56%	56%	57%	58%	59%	53%	47%	49%	53%	55%	57%	51%
Growth rate of Hardware (Units/YoY)															
LBP	12%	10%	6%	0%	-28%	-16%	-20%	-16%	14%	9%	3%	8%	7%	-20%	8%
IJP	-39%	-57%	-24%	-25%	65%	101%	1%	7%	8%	16%	42%	43%	-36%	34%	26%

Machinery Sales Revenue & Profit

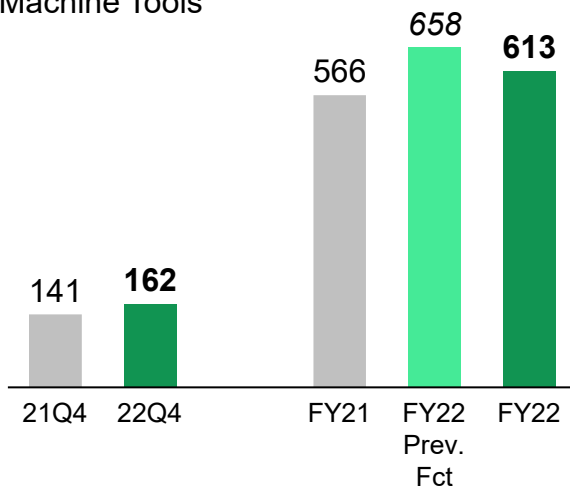
(100 Millions of Yen)

	21Q4	22Q4	Change	Change w/o FX
Sales Revenue	223	233	4.7%	0.7%
Machine Tools	141	162	14.8%	13.2%
Americas	7	13	74.2%	-
Europe	9	8	-7.5%	-
Asia & Others	100	113	12.9%	-
Japan	25	28	13.2%	-
Industrial Sewing Machines	82	71	-12.8%	-20.9%
Americas	21	23	10.6%	-3.1%
Europe	18	17	-7.2%	-15.5%
Asia & Others	40	27	-32.7%	-38.5%
Japan	3	5	54.3%	54.3%
Business Segment Profit	20	15	-25.7%	-
Operating Profit	20	14	-30.5%	-

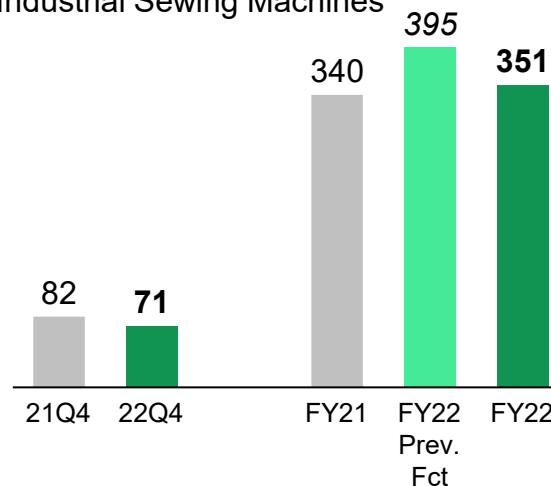
	FY21	Previous Forecast	FY22	Change vs LY	Change w/o FX
Sales Revenue	905	1,053	964	6.5%	-1.1%
Machine Tools	566	658	613	8.4%	4.3%
Americas	33	35	41	24.2%	-
Europe	34	35	38	9.1%	-
Asia & Others	408	444	432	5.8%	-
Japan	90	143	103	14.2%	-
Industrial Sewing Machines	340	395	351	3.3%	-10.1%
Americas	94	115	105	12.3%	-6.4%
Europe	72	80	74	1.7%	-5.7%
Asia & Others	159	182	155	-2.5%	-16.7%
Japan	15	18	17	16.2%	16.2%
Business Segment Profit	126	135	95	-24.2%	-
Operating Profit	126	136	98	-21.7%	-

<Sales Revenue>

Machine Tools

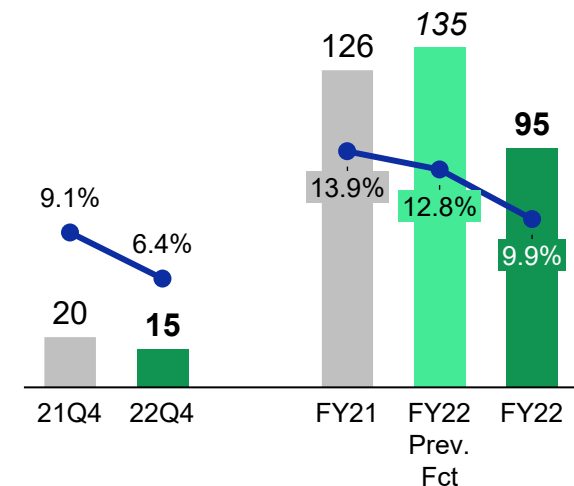


Industrial Sewing Machines



<Business Segment Profit>

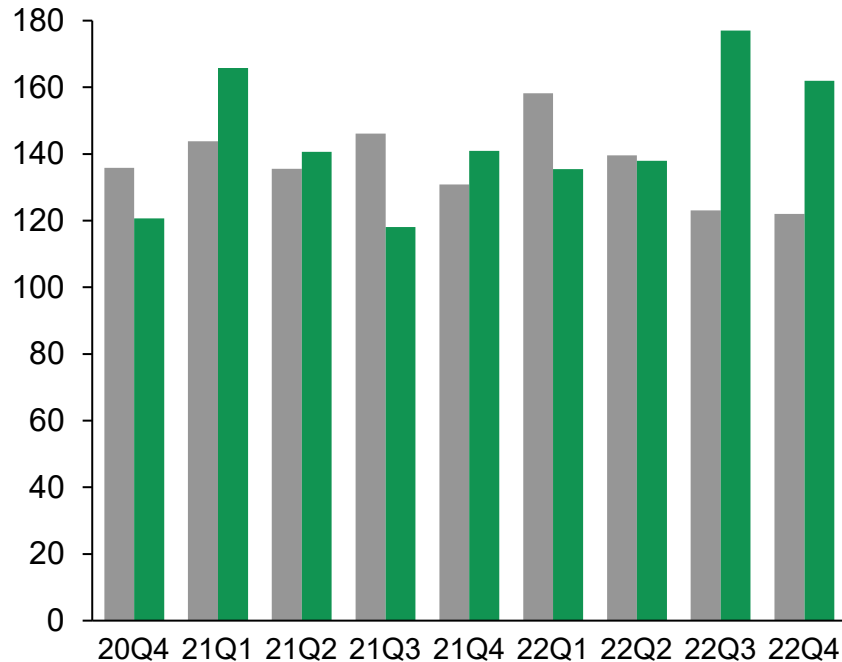
Profit ratio



Machinery (Machine Tools) Order Trends

Trends in order amount and sales revenue

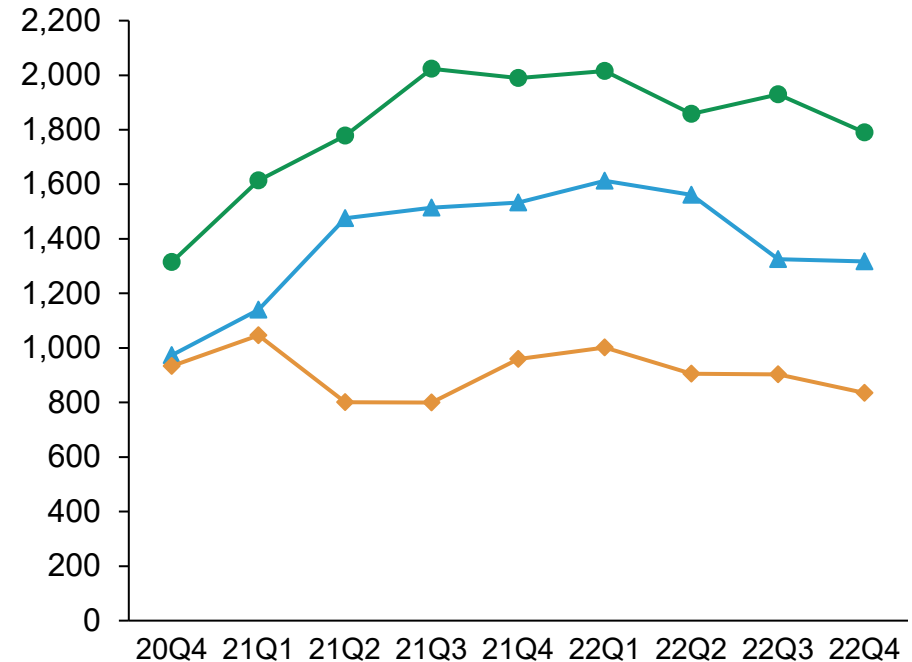
- Order amount
- Sales revenue



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

(100 Millions of Yen)
(Reference) Machine tool statistics of the
Japan Machine Tool Builders' Association

- Domestic demand
- Demand from overseas except China
- China



* Source: Major machine tool statistics of the Japan Machine Tool Builders' Association

Domino Sales Revenue & Profit

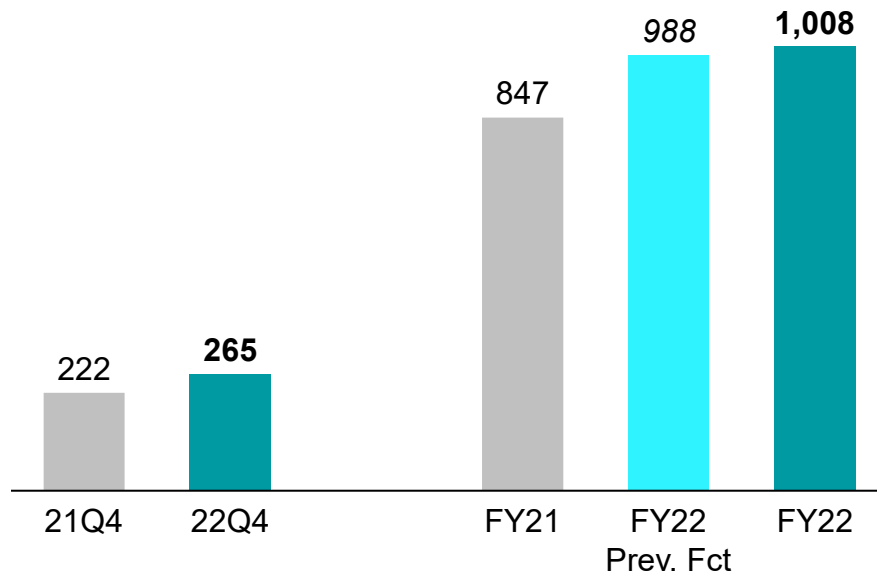
brother
at your side

(100 Millions of Yen)

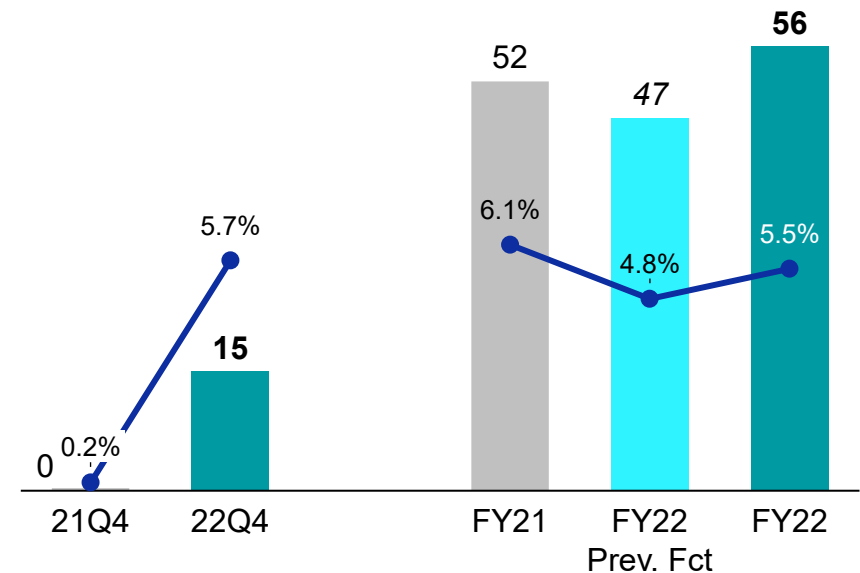
	21Q4	22Q4	Change	Change w/o FX
Sales Revenue	222	265	19.8%	10.4%
Americas	57	65	14.0%	-2.5%
Europe	104	120	15.2%	11.5%
Asia & Others	52	70	32.8%	18.4%
Japan	8	10	36.1%	36.1%
Business Segment Profit	0	15	-	-
Operating Profit	-7	-98	-	-

	FY21	Previous Forecast	FY22	Change vs LY	Change w/o FX
Sales Revenue	847	988	1,008	19.0%	6.9%
Americas	202	238	243	20.2%	5.7%
Europe	379	428	437	15.3%	5.4%
Asia & Others	237	282	288	21.4%	6.3%
Japan	30	41	41	37.8%	37.8%
Business Segment Profit	52	47	56	7.5%	-
Operating Profit	43	47	-58	-	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



Nissei Sales Revenue & Profit

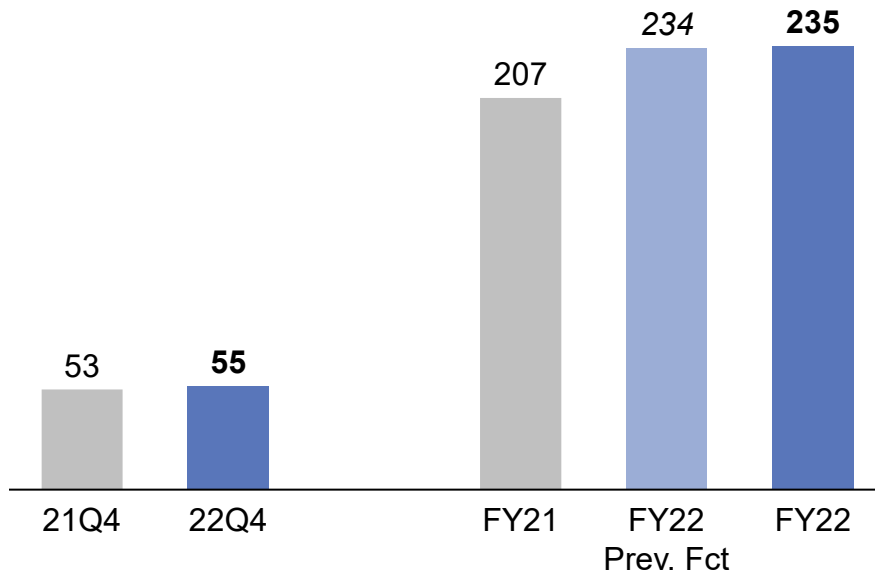
brother
at your side

(100 Millions of Yen)

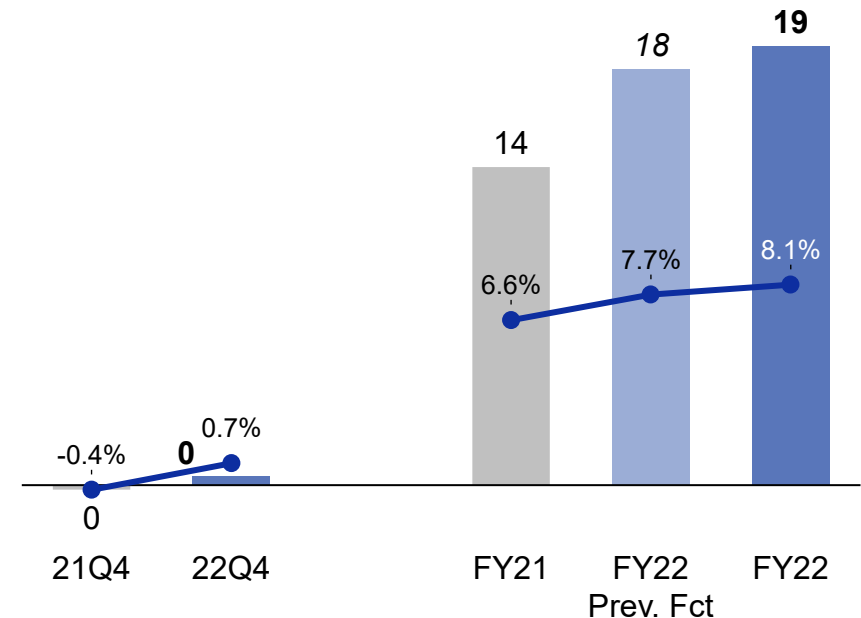
	21Q4	22Q4	Change	Change w/o FX
Sales Revenue	53	55	3.7%	0.7%
Americas	8	9	13.8%	-0.3%
Europe	-	-	-	-
Asia & Others	7	7	5.0%	-1.2%
Japan	38	39	1.3%	1.3%
Business Segment Profit	0	0	-	-
Operating Profit	-1	-1	-	-

	FY21	Previous Forecast	FY22	Change vs LY	Change w/o FX
Sales Revenue	207	234	235	13.2%	8.5%
Americas	30	38	38	25.4%	4.3%
Europe	-	-	-	-	-
Asia & Others	28	36	37	31.2%	19.3%
Japan	149	160	160	7.3%	7.3%
Business Segment Profit	14	18	19	38.2%	-
Operating Profit	13	17	18	34.7%	-

<Sales Revenue>



<Business Segment Profit> ● Profit ratio



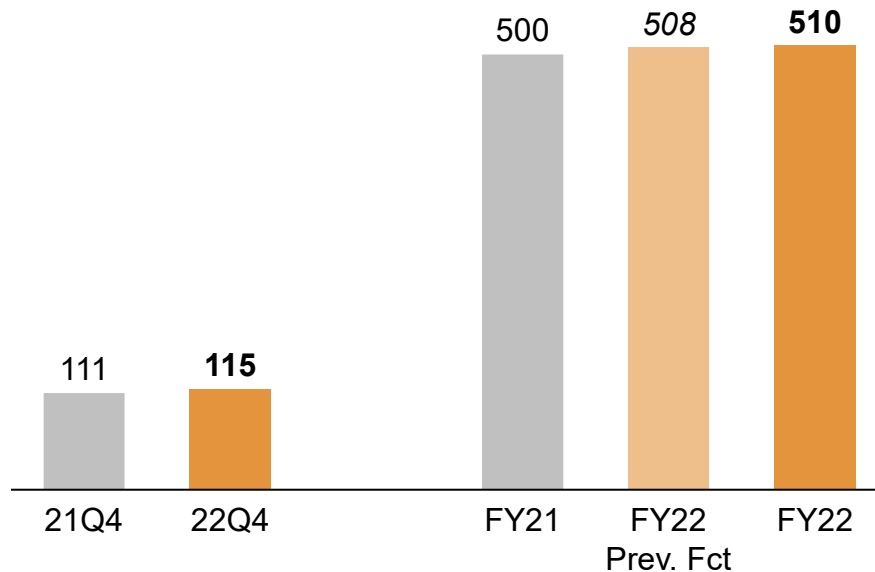
Personal & Home Sales Revenue & Profit

(100 Millions of Yen)

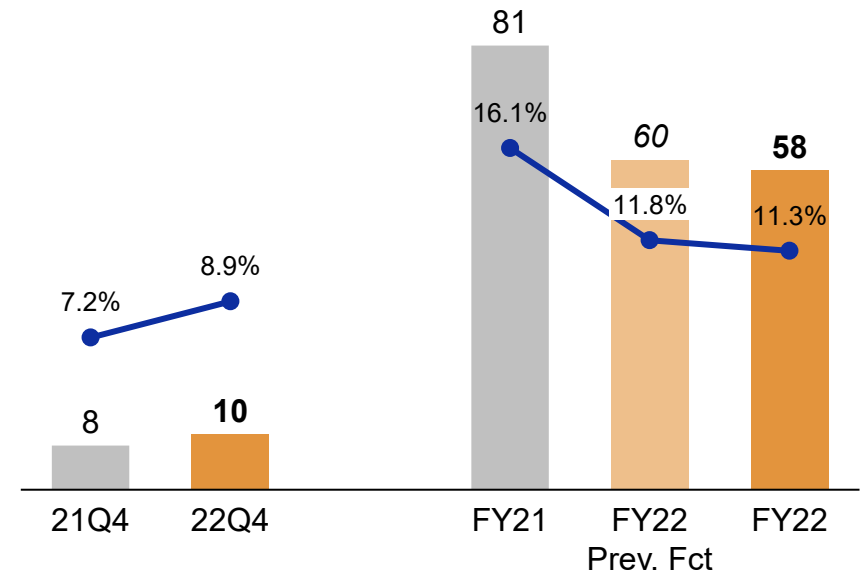
	21Q4	22Q4	Change	Change w/o FX
Sales Revenue	111	115	3.2%	-6.9%
Americas	63	71	11.7%	-1.5%
Europe	26	25	-3.0%	-11.6%
Asia & Others	12	10	-18.3%	-24.0%
Japan	10	9	-9.1%	-9.1%
Business Segment Profit	8	10	27.6%	-
Operating Profit	8	10	16.9%	-

	FY21	Previous Forecast	FY22	Change vs LY	Change w/o FX
Sales Revenue	500	508	510	2.0%	-10.9%
Americas	277	317	316	14.2%	-4.4%
Europe	140	108	112	-19.9%	-25.7%
Asia & Others	52	53	52	1.4%	-8.7%
Japan	31	29	29	-6.7%	-6.7%
Business Segment Profit	81	60	58	-28.4%	-
Operating Profit	82	61	59	-28.7%	-

<Sales Revenue>



<Business Segment Profit> ● Profit ratio



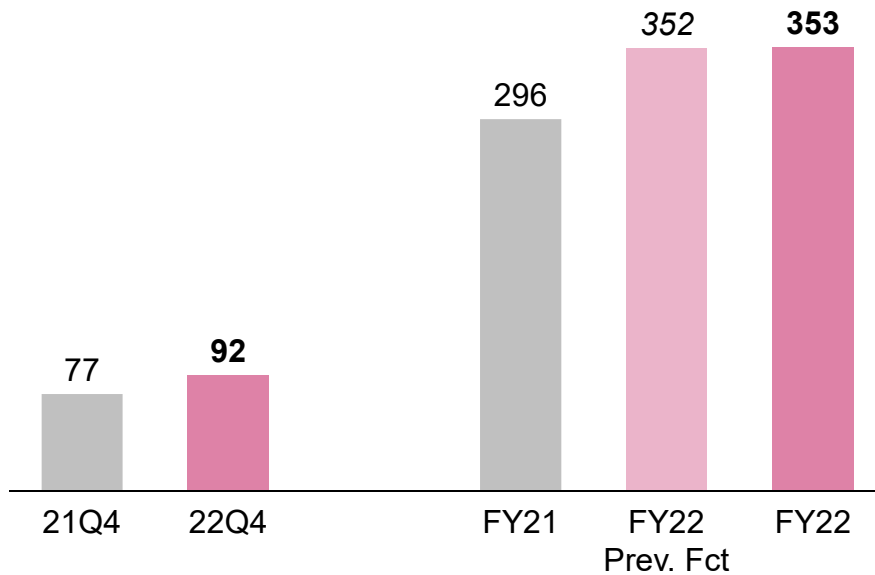
Network & Contents Sales Revenue & Profit

(100 Millions of Yen)

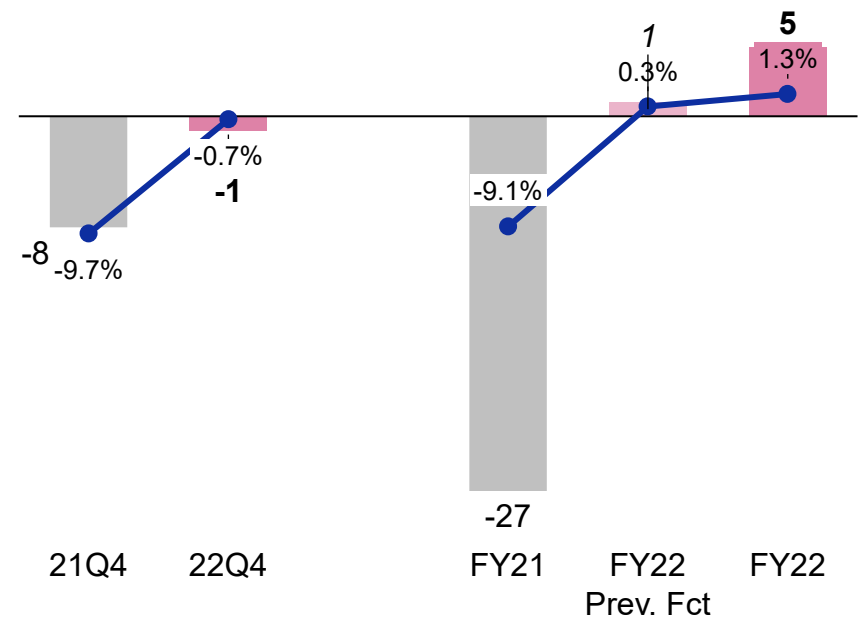
	21Q4	22Q4	Change
Sales Revenue	77	92	19.7%
Business Segment Profit	-8	-1	-
Operating Profit	-9	-2	-

	FY21	Previous Forecast	FY22	Change vs LY
Sales Revenue	296	352	353	19.3%
Business Segment Profit	-27	1	5	-
Operating Profit	-6	4	8	-

<Sales Revenue>



<Business Segment Profit> ● Profit ratio



Business Segment Information (Forecast for FY2023)

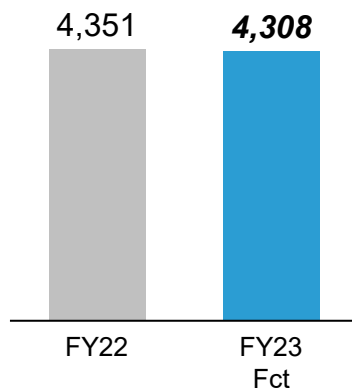
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Printing & Solutions Sales Revenue & Profit

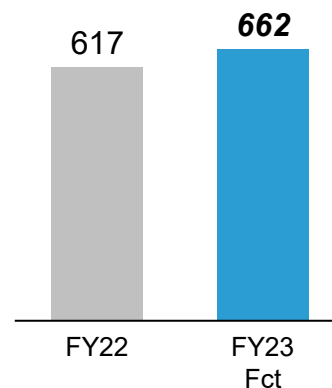
(100 Millions of Yen)

	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales Revenue	4,967	4,970	0.1%	1.4%
Communications & Printing Equipment	4,351	4,308	-1.0%	0.3%
Americas	1,688	1,695	0.4%	2.3%
Europe	1,351	1,308	-3.2%	-2.3%
Asia & Others	847	856	1.0%	2.6%
Japan (includes OEM)	464	449	-3.3%	-3.1%
Labeling	617	662	7.3%	8.5%
Americas	286	309	8.3%	9.9%
Europe	186	193	3.7%	4.5%
Asia & Others	98	103	4.6%	6.1%
Japan	46	56	21.8%	21.8%
Business Segment Profit	371	415	11.9%	-
Operating Profit	365	415	13.8%	-

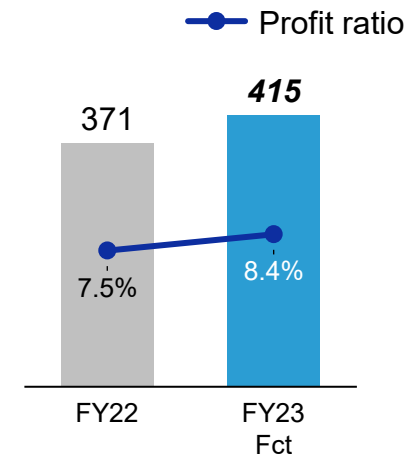
<Sales Revenue>
Communications
& Printing Equipment



Labeling



<Business Segment Profit>



Machinery

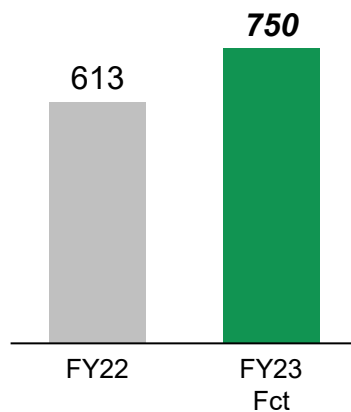
Sales Revenue & Profit

(100 Millions of Yen)

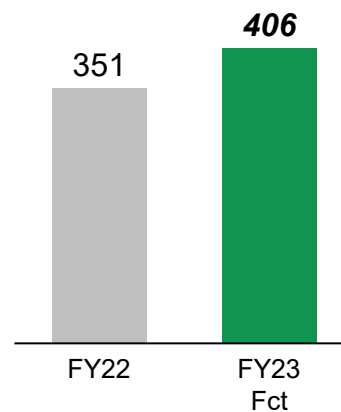
	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales Revenue	964	1,156	19.9%	19.8%
Machine Tools	613	750	22.4%	21.8%
Americas	41	38	-6.0%	-
Europe	38	42	10.5%	-
Asia & Others	432	534	23.5%	-
Japan	103	137	33.1%	-
Industrial Sewing Machines	351	406	15.7%	16.2%
Americas	105	121	14.7%	16.1%
Europe	74	85	15.9%	17.1%
Asia & Others	155	178	14.8%	14.5%
Japan	17	22	29.0%	29.0%
Business Segment Profit	95	148	55.1%	-
Operating Profit	98	148	50.6%	-

<Sales Revenue>

Machine Tools

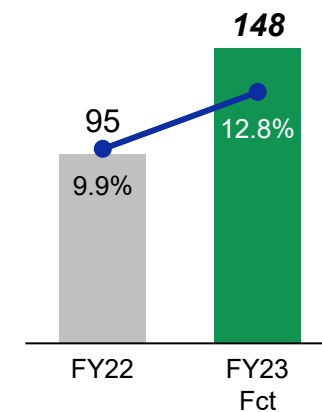


Industrial Sewing Machines



<Business Segment Profit>

—●— Profit ratio



Domino / Nissei Sales Revenue & Profit

brother
at your side

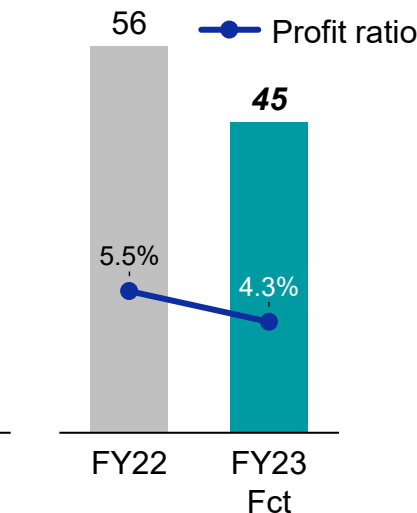
(100 Millions of Yen)

Domino	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales Revenue	1,008	1,058	4.9%	8.7%
Americas	243	271	11.8%	17.9%
Europe	437	437	0.2%	1.8%
Asia & Others	288	306	6.5%	11.9%
Japan	41	43	4.1%	4.1%
Business Segment Profit	56	45	-19.3%	-
Operating Profit	-58	45	-	-

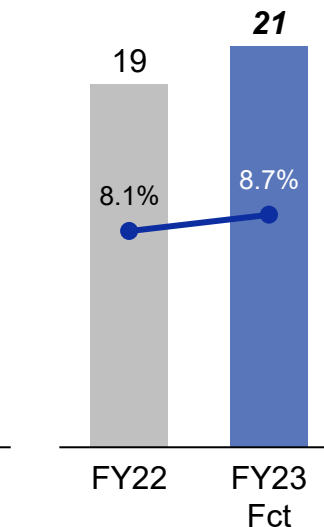
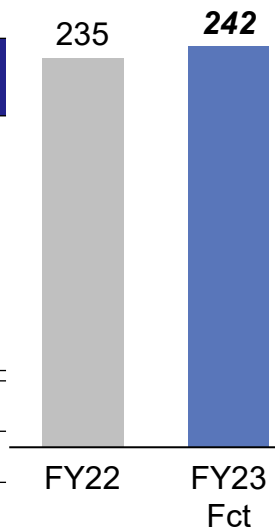
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<Business Segment Profit>



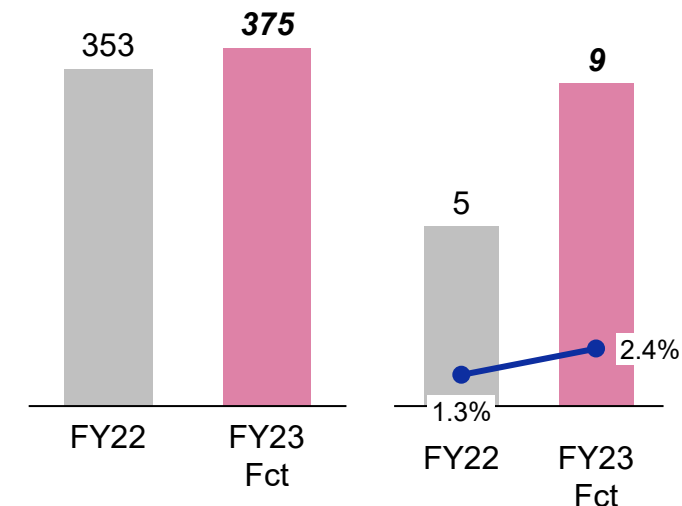
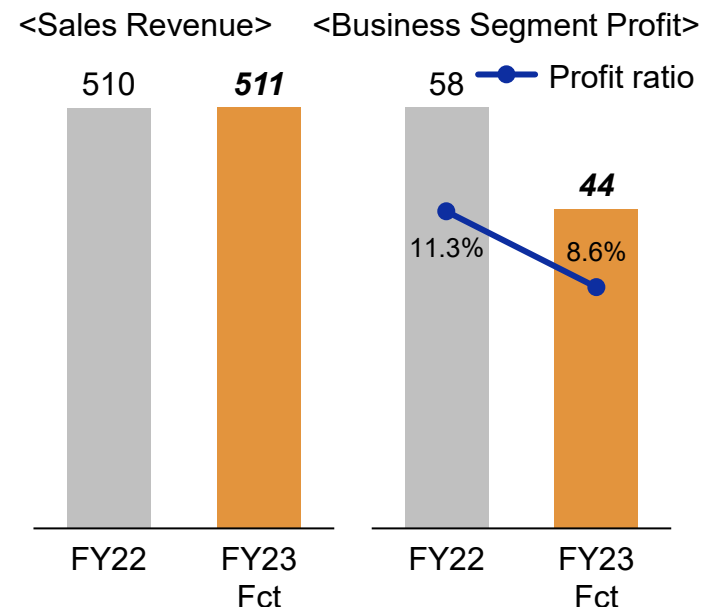
Nissei	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales Revenue	235	242	3.1%	3.3%
Americas	38	38	-0.8%	-0.4%
Europe	-	-	-	-
Asia & Others	37	38	1.3%	2.5%
Japan	160	167	4.4%	4.4%
Business Segment Profit	19	21	10.5%	-
Operating Profit	18	21	16.0%	-



Personal & Home / Network & Contents Sales Revenue & Profit

brother
at your side

(100 Millions of Yen)



Personal & Home	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales Revenue	510	511	0.2%	1.8%
Americas	316	311	-1.7%	0.0%
Europe	112	113	0.1%	1.2%
Asia & Others	52	56	8.1%	10.4%
Japan	29	31	7.9%	7.9%
Business Segment Profit	58	44	-23.9%	-
Operating Profit	59	44	-24.8%	-

Network & Contents	FY22	FY23 Forecast	Change vs LY
Sales Revenue	353	375	6.4%
Business Segment Profit	5	9	98.1%
Operating Profit	8	9	10.4%



**Updates on the
Medium-term Business Strategy**

CS B2024

Take off towards our new future

**Brother Industries, Ltd.
May 8, 2023**

Towards expansion in the Industrial area

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SPEEDIO Compact Machining Centers are now available in 11 models in 7 series with the consecutive release of new series/models, responding to the various machining needs with a wide lineup of products including peripherals

Series S
Standard models

S300Xd1/S500Xd1/S700Xd1



Series W
For larger workpieces

W1000Xd2



Series R
Built-in pallet changer

R450Xd1/R650Xd1



Series U
Multi-face machining

U500Xd1



Series F
High rigidity

F600X1



Series M
Multi-task machine

M200Xd1/M300Xd1



Series H
Horizontal machining center

H550Xd1



Peripherals

Rotary Table
T-200A/T-200Ad



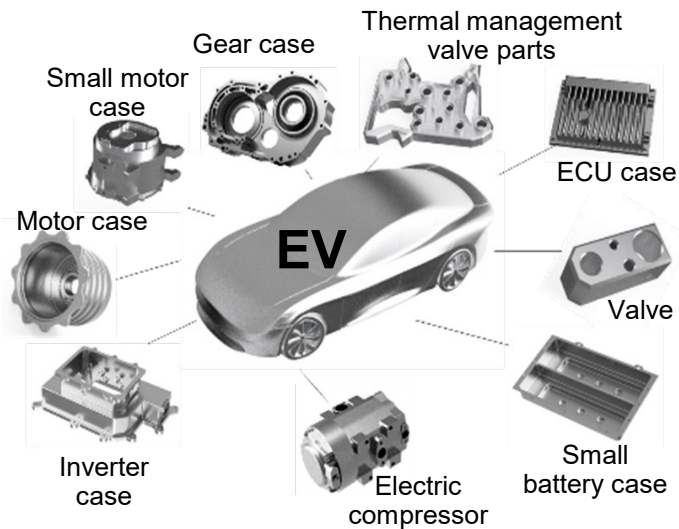
Loading System
BV7-870Ad



**Enhanced product strength and lineup
for the EV-related parts market with high growth potential**

✓ **The trend in EV-related parts is weight reduction, upsizing, and diversification**

- Increasing need for machining aluminum parts for weight reduction
- Increasing need for machining large parts such as battery cases and motor cases
- Diversification of machined parts



✓ **Brother's SPEEDIO series has strength in aluminum processing**

■ **Respond to the growing needs of EV parts processing by enhancing product strength and product lineup**

Multi-face Machining with a large tilting rotary table



U500Xd1



Equipped with a large tilting rotary table for machining large parts and multiple surfaces

Brother's first horizontal Machining Center



H550Xd1



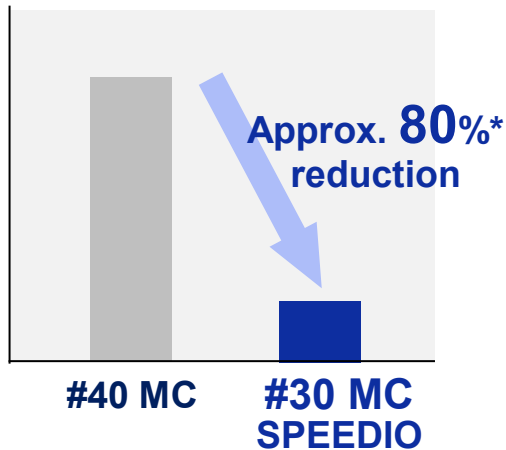
The horizontal spindle ensures a large machining area and enables the machining of large parts

Contribute to the reduction of CO₂ emissions with high environmental performance and to automation and labor-saving with integrated processes

■ **Achieving high productivity and energy-saving performance**

- Achieving **higher energy-saving performance** compared to #40 machining centers thanks to its compact size, low power consumption and fast processing
- Contributing to the reduction of CO₂ emissions and to achieving carbon neutrality at production facilities

Power consumption per cycle



* example of processing with a program we prepared

■ **Contributing to automation and labor-saving**

- Achieving labor-saving with the **multi-task machining center** and the **multi-face machining center** that integrate operations, and the loading system that automates the loading and unloading processes of the workpiece
- Contributing to integrating processes with an increased number of tool magazines



Multi-task machining center M300Xd1

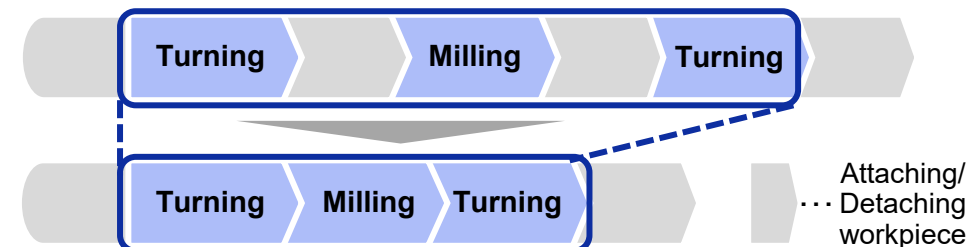


Multi-face machining center U500Xd1



Loading system BV7-870Ad

Image of processes integration with the multi-task machining center



Strengthen manufacturing and sales facilities in the priority areas to achieve substantial growth in the Industrial Equipment business

■ New factory to be built in India

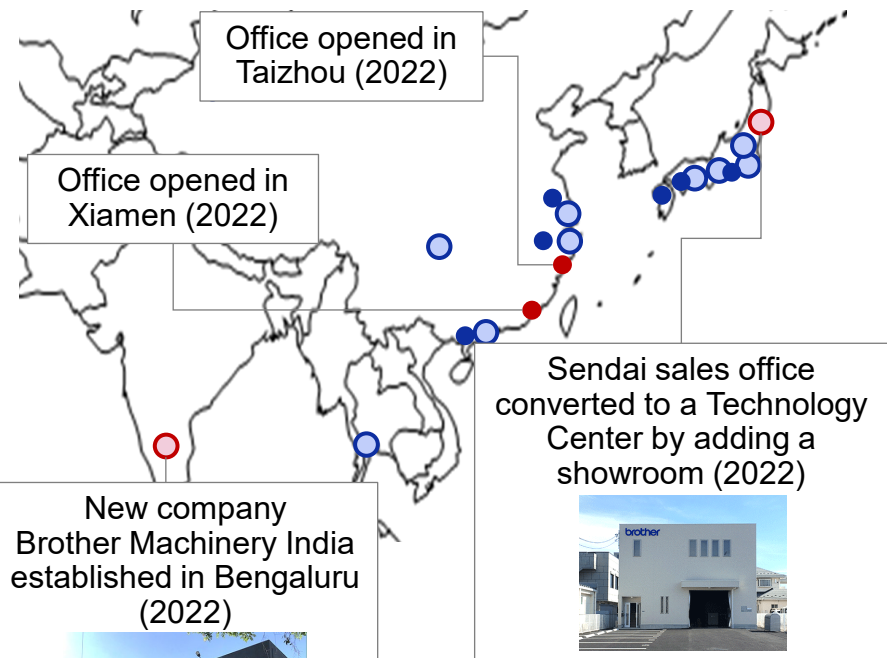
- Establishing a system to shorten the delivery time for customers in the **Indian market**, which is **expected to grow**
- Production is scheduled to begin in December 2024
- There will be 3 manufacturing facilities for machine tools: in Japan (Kariya), China (Xian), and India (Bengaluru suburb)



Concept image of the new factory in India

■ Expanded sales and service facilities in the priority areas: China, India, and Japan

○ Technology Centers ● Offices
Red marks indicates newly established (expanded) facilities



DP business launched a new product equipped with Brother's printhead, contributing to customers' profitability by improving productivity and digitalizing the process

■ Enhanced product strength in the DP area



Digital label press N730i

- Features **Brother's proprietary BITSTAR™ printhead**, which leverages the company's accumulated inkjet technologies
- Achieves **high printing resolution of 1200dpi** and **high printing speed of 70 m/min**
- Contributes to the **reduction of man-hours and labor** by eliminating the need for plate-making and cleaning processes previously required for conventional analog printing machines
- Makes training successors easier by reducing dependence on skilled workers with an **easy-to-use system**

■ Strengthened sales and service activities

- Actively engaged in sales and marketing activities, including the resumption of participation in exhibitions that had been restricted due to the COVID-19 pandemic
- Installation of the Digital label printer at production sites of customers is progressing

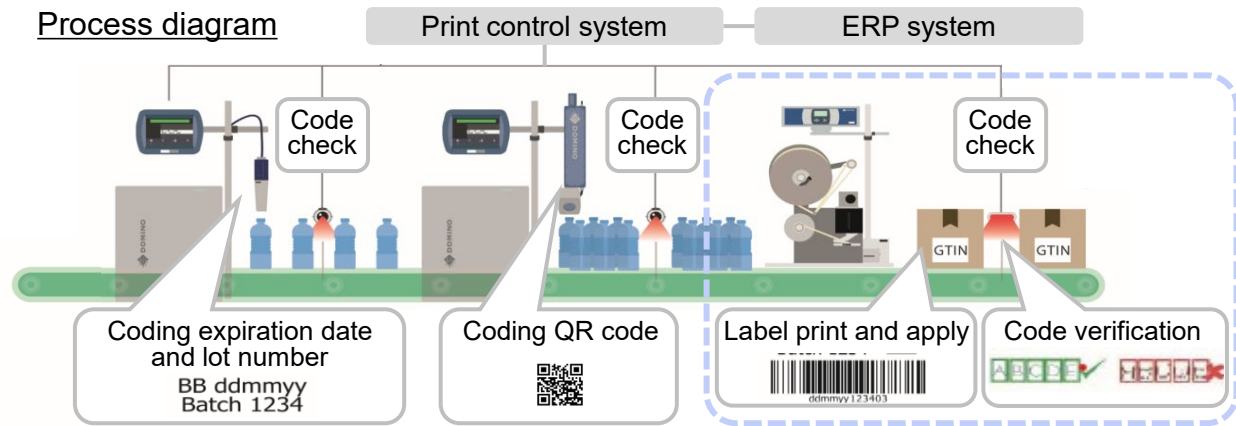


Domino's booth at Labelexpo Americas 2022

Increase customer value by offering products and solutions that enable factory line automation and labor-saving

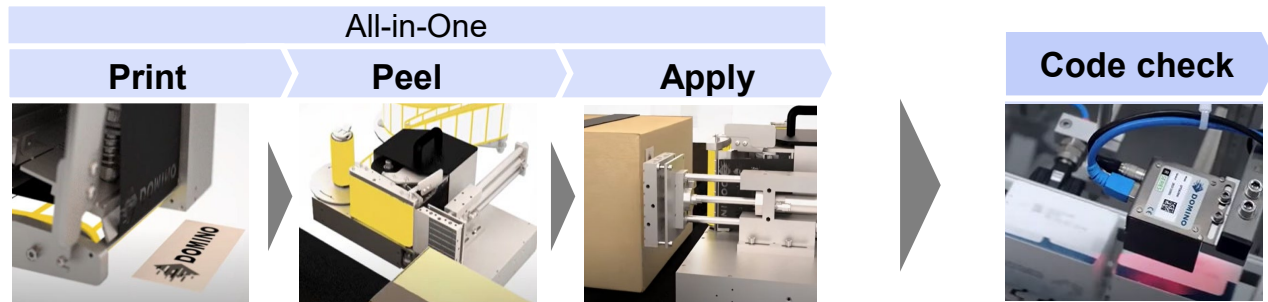
■ Automate the entire process of coding and verification

- Contributes to improved **productivity and traceability** by linking coding data to ERP systems
- Improves the **reliability** of printed content by incorporating the process of **scanning print results** and **verifying whether they have been printed correctly** via technology such as a scanning camera and an image inspection device



Integrate process by providing products that automates label printing and application

- Growing demand for the product that meets the needs of automated factory production lines



Aim to expand business in the industrial printing area by providing automation solutions for garment printers and developing new category products

■ Providing automation solutions for garment printers

- Supervised and launched **Digitalline**, an **automated garment printer line**
- Improves **productivity** and achieves **labor-saving and quality improvement** by automating pre-processing, printing, and post-processing steps

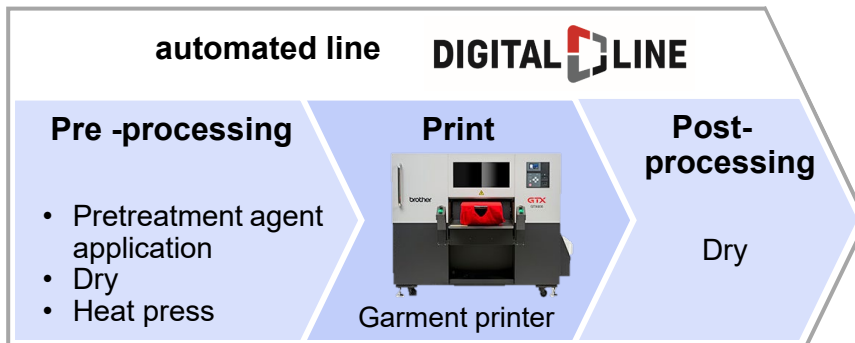


Image of the Digitalline automated garment printer line

■ Development of latex wide-format printer

- The new category product was developed for **sign and display applications** such as outdoor advertisements and posters, which are **new industrial printing areas** for Brother



©SOTSU·SUNRISE

Latex wide-format printer WF1-L640

Towards transformation in the Printing area

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Continue to introduce new products that meet customer needs through the development of new technologies

■ Launched A3 inkjet All-In-One for business use equipped with a newly developed printhead

- The newly developed **MAXIDRIVE printhead** improves **image quality** and achieves approximately **1.5 times faster printing speed** and approximately **twice the durability** of conventional printheads
- The lineup includes models equipped with high-capacity ink cartridges and sub-tanks to reduce the need for ink replacement



MFC-J7600CDW

Approx.
1.5 times*
Print
speed

Approx.
Twice*
Durability

*Compared with MFC-J6990CDW

■ Launched a high-end model of color laser All-in-Ones for SMB and corporate market

- The **twin laser technology** and **new fixing technology** developed for the first time for Brother's color laser printers achieve **high speed, high image quality, and high reliability**
- Enhanced easy-to-use functions as a machine shared by multiple users
- Enhanced functions including security to meet the need for IT managers and sales channels



HL-L9470CDN

MFC-L9670CDN

■ Enhanced ink tank models for emerging markets

- Expanded sales of ink tank models for emerging markets, as the supply constraint had been removed



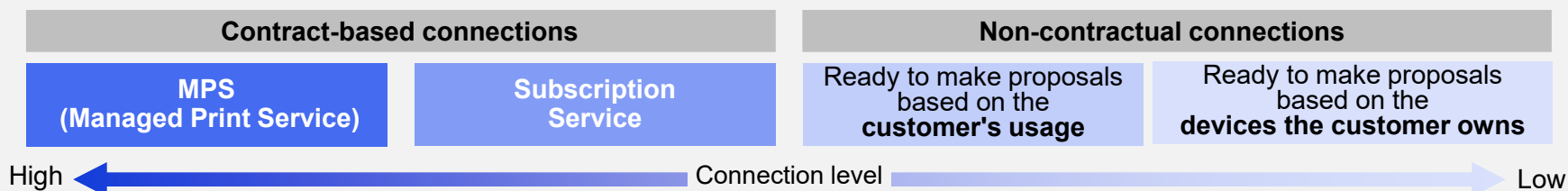
DCP-T720DW

Expand subscription and other contract-based services to shift to a business model that connects with customers



What is P&S's "Connecting?"

To create a state of **direct communication with customers** who use our products and services, and **continue to provide superior customer experience and value**



- ✓ **Benefits for Customers***1: Reduced TCO*2, reduced pain to purchase consumables, enrollment in long-term extended warranty and loyalty programs, and receive promotions and information on the best new products, etc
- ✓ **Benefits for Brother:** Increased LTV*3 by securing profitability through improving the genuine consumable ratio and improving offering value by analyzing data on customer usage, etc.
- ✓ **Benefits for both parties:** Contribution to sustainability by promoting the collection and recycling of used products

* 1: includes the benefits only for contract-based connections

* 2: Total Cost of Ownership

* 3: Life Time Value

Expanded contract-based services

- Expanded MPS services for the SMB market, mainly in Europe
- Launched a subscription service for the SOHO market in Europe in FY2022, which had initially been launched in the U.S.



Subscription services offered in the U.S.

Introduced new chargeable business model

- New service for inkjet All-in-Ones in China that allows users to pre-charge the required number of copies via a mobile app and print



Inkjet All-in-One



Smartphone application screen

Management foundation transformation for a sustainable future

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DX is being promoted through three pillars to achieve transformation of the business portfolio and management foundation; DX human resource development, the foundation of the company, is progressing based on three levels

■ Three Pillars of DX Strategy

① Business DX

Business model transformation in each business

FY2022 Results

- P&S: Expanded subscription services
- P&H: New craft content service launched in the U.S.
- Garment Printer: Customized printing service launched in Japan

② Operational DX

Building a Robust and Sustainable Supply Chain
Realization of Connected, Visible and Never-Stop Factories

FY2022 Results

- Centralized supply and demand information for P&S products
- Centralized inventory information on the supply chain, including on-board inventory
- Increased inventory of critical parts as a BCP response

③ DX Infrastructure Building

Thorough use of digital technology and human resource development

FY2022 Results

- Completed pre-verification of global data integration infrastructure system
- See below for DX human resource development

■ DX Human Resource Development (Brother Industries)



DX Core Human Resources

Driving business DX for each business as an expert in digital technology

FY2022 results: A total of 161 employees were divided into 5 types of human capital and participated in the training

Leader of Digital Utilization Promotion

Driving the digitization and streamlining of operations in each department

FY2022 results: 26 participants selected from each department attended the training

All employees

Having basic knowledge of DX and using it to digitize and streamline operations

FY2022 Results: Approximately 3,000 employees have taken E-Learning

Materiality and sustainability targets

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Materiality and sustainability targets

Materiality		Targets for FY2024	FY2022 Results
Contribute to society	Supporting People's value creation	<ul style="list-style-type: none"> In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing CO₂ emissions In P&S business, build platform to connect directly with customers towards improving LTV of customers 	<ul style="list-style-type: none"> Launched a total of seven new models in the SPEEDIO series, boasting high environmental performance and productivity Strengthened efforts to connect interactively with customers, including subscription services in each region
	Realizing a diverse and active society	<ul style="list-style-type: none"> Visualize employee engagement at the global level and improve engagement survey scores Enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan *Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working*. 	<ul style="list-style-type: none"> Conducted employee engagement survey* Identified the current status of HR policies and issues at major facilities outside Japan Expanded Program to Develop Female Management Candidates*
	Pursuing a responsible value chain	<ul style="list-style-type: none"> Expand the human rights risk assessment on suppliers Attain RBA Gold certification for three Group manufacturing facilities 	<ul style="list-style-type: none"> Expanded the number of businesses and suppliers covered in supply chain human rights due diligence on primary suppliers Conducted Conflict Minerals Survey continuesly Received RBA Gold Certification at the Vietnam Factory of P&S as a first facility in the Group
Protect the earth	Reducing CO ₂ emissions	<ul style="list-style-type: none"> [Scope 1 and 2] Achieve 47% reduction from the FY2015 level [Scope 3] Take measures to reduce 150,000 tons through own effort 	<ul style="list-style-type: none"> [Scope 1,2] Implemented energy-saving and energy-creating measures such as more efficient use of electricity and introduction of solar power generation, and expect to achieve the reduction target for FY2022 [Scope 3, Resource Circulation] Implemented measures centered on improving energy efficiency of new products as planned, and consider additional measures for FY2023
	Circulating resources	<ul style="list-style-type: none"> Achieve ratio of virgin materials used in products of 81% or less 	<ul style="list-style-type: none"> Expect to achieve target for FY2022 by implementing measures such as using recycled materials in some products and changing to recyclable cushioning materials

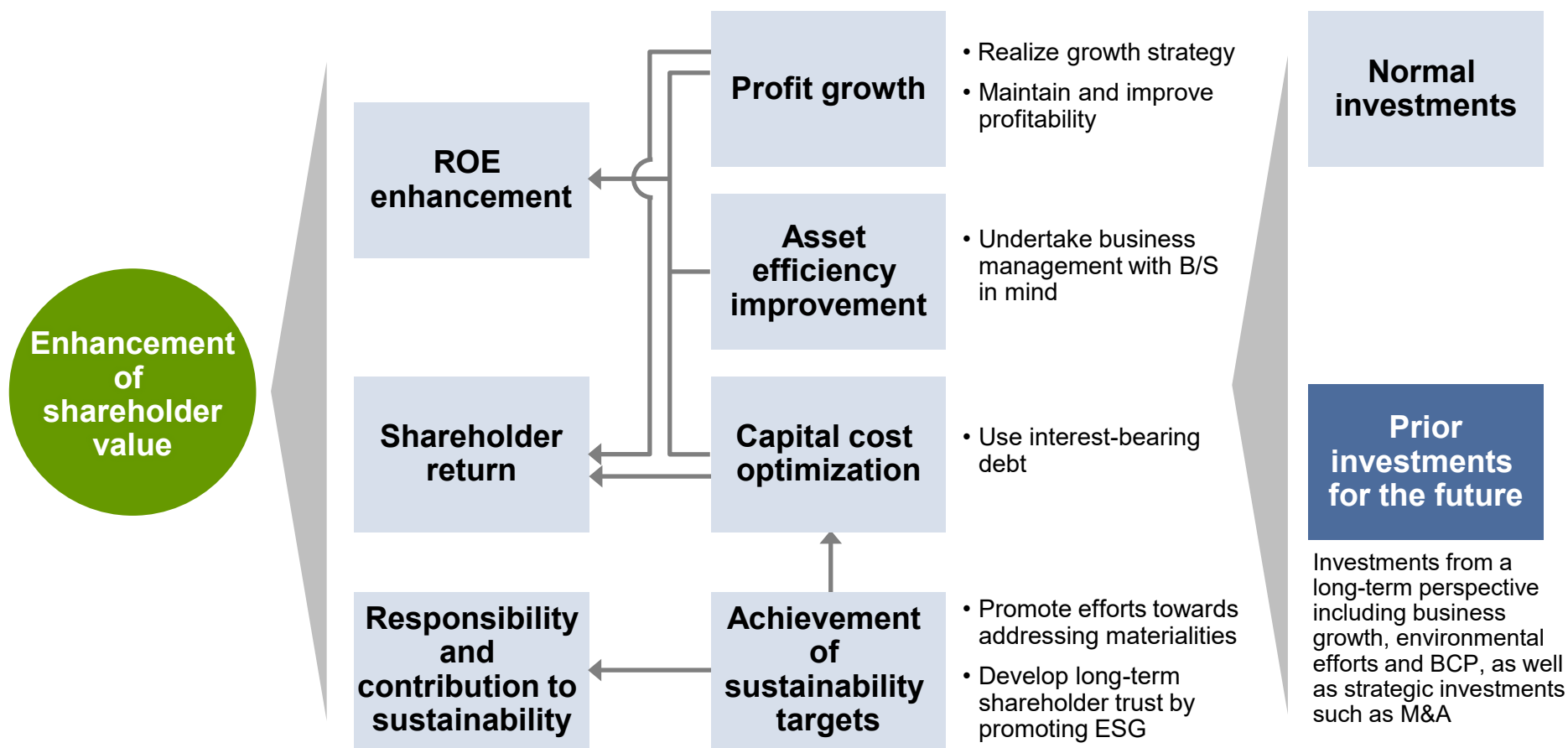
*Brother Industries, Ltd.

Financial policy

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Achieve continuous enhancement of shareholder value by balancing success in business and contribution to sustainability through effective capital utilization

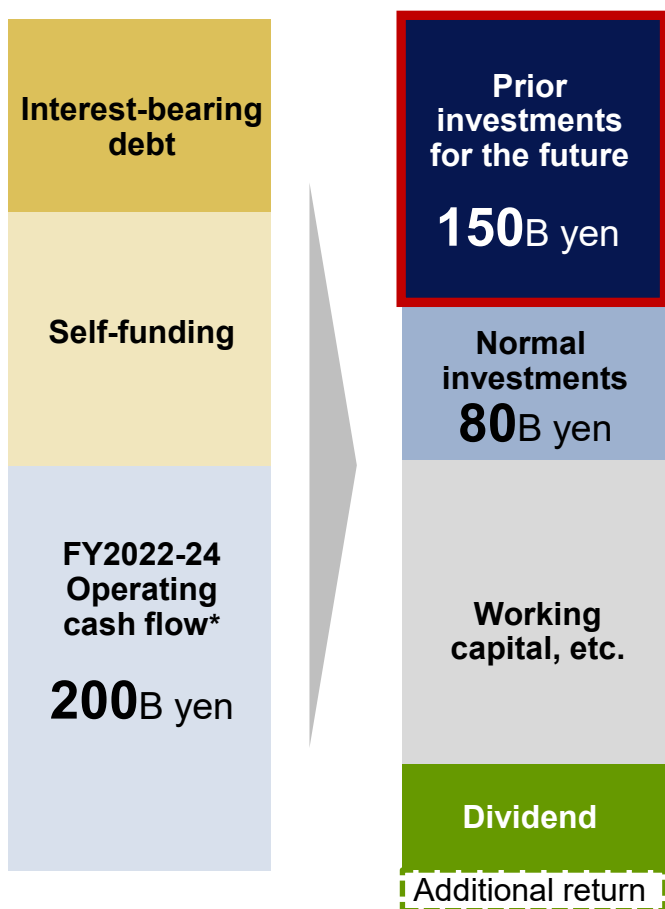
Overview of financial policy for enhancing shareholder value



Financial policy | Cash allocation and prior investment for the future (excerpts from medium-term business strategy document)

150 billion yen of the prior investment quota set for the 3-year period of CS B2024

Cash allocation








* Excluding lease obligation payments

Prior investments for the future

	Theme	Main items	Amount
Business portfolio transformation	Towards expansion in the Industrial area Towards transformation in the Printing area	<ul style="list-style-type: none"> Reinforce sales and service facilities of Industrial area Reinforce production capacity in the Machinery/FA area Expand inkjet development and manufacturing facilities 	50B yen
	Towards the business portfolio of the future	<ul style="list-style-type: none"> Strategic investments for M&A, etc. 	30B yen
Management foundation transformation for a sustainable future	Environmental efforts Enhance and expand connections with customers	<ul style="list-style-type: none"> Factory investment for local production for local consumption of products and the realization of a circular economy Introduction of energy-generation equipment at Group facilities Construction of new environmentally friendly building Supply-chain resilience (expand factories, add multiple functions) DX investments (build platform for connections with customers, revamp enterprise system) 	70B yen
Total			150B yen

Progress mainly in capital investment as prior investment for the future

	Details	Status in FY2022	Purpose and remarks	Total investment
Business portfolio transformation	New factory building in Hoshizaki 	Completed	<ul style="list-style-type: none"> Enhanced industrial inkjet manufacturing facilities, Brother Group's first seismic isolation structure as a BCP measure 	Approx. 10 billion yen
	[P&S] Philippines Factory New factory building 	Under construction	<ul style="list-style-type: none"> Responding to increased product sales for the transformation of Printing area Strengthen BCP measures, including warehousing of parts and products to strengthen the supply chain 	Approx. 8 billion yen
	[Industrial Equipment, Machinery] New factory in India 	Construction planned	<ul style="list-style-type: none"> New machine tool factory for the expansion of Industrial area Establish a system to deliver products to customers in the Indian market, which is expected to grow 	Approx. 2 billion yen
	Nissei New factory building 	Construction planned	<ul style="list-style-type: none"> Increase gear production capacity to expand sales for FA and robot applications 	Approx. 1.7 billion yen
	Minato Factory New warehouse 	Construction planned	<ul style="list-style-type: none"> Responding to increased demand for storage of products and parts as a result of business expansion in the industrial area Raise floor as a BCP measure to address tsunami risk 	Approx. 5 billion yen
Management foundation transformation for a sustainable future	Installation of solar panels	Handled at each facility	<ul style="list-style-type: none"> Installation of solar panels at each location, including those listed above Contributing to the achievement of carbon neutrality by using renewable energy sources to supply part of the electricity required for operation. 	-
	Regional headquarters in Americas ERP system reformed	Completed	<ul style="list-style-type: none"> Revamped ERP systems and business processes as a DX investment 	Approx. 2.5 billion yen

Deepen "management conscious of cost of capital and stock price" based on the financial policy of the medium-term business strategy

Topic	Present	Vision
Capital cost	<p><u>Cost of equity: 7-10%</u></p> <ul style="list-style-type: none"> - Calculated by CAPM - Variable due to differences in timing and assumptions used in calculations, so cost of equity is taken as the range 	<ul style="list-style-type: none"> ✓ Reduce the cost of shareholders' equity by promoting business portfolio transformation while also utilizing interest-bearing debt ✓ Provide stable and continuous shareholder returns
ROI index	<p><u>ROE 5-year* average: 9.7%</u></p> <ul style="list-style-type: none"> - Exceeds or equals cost of equity 	<ul style="list-style-type: none"> ✓ FY2024 target is to achieve ROE of 10% or more above cost of capital
Market valuation	<p><u>P/B ratio 5-year* average: 1.1x</u> <u>Most recent: 0.9x</u></p>	<ul style="list-style-type: none"> ✓ Aiming to continuously increase shareholder value in accordance with the CS B2024 financial policy ✓ Aim for early improvement of P/B ratio by improving profitability and promoting business portfolio transformation through continuous growth investment

*From FY2018 to FY2022

"Management Conscious of Cost of Capital and Stock Price" and "Information on Engagement with Investors" will be available on the website in June.

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Reference: Brother's business areas

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