

Highlights of Consolidated Results for the 1st Quarter of Fiscal Year ending March 31, 2021

	Millions of yen (except for per share amounts)			Change
	Three months ended Jun 30, 2019	Three months ended Jun 30, 2020		
Revenue	Y 159,231	Y 133,186		-16.4 %
Business segment profit	17,641	8,622		-51.1 %
Operating profit	18,088	9,263		-48.8 %
Profit before income taxes	18,029	9,461		-47.5 %
Profit for the period	12,907	6,630		-48.6 %
Profit for the period attributable to owners of the parent company	12,871	6,617		-48.6 %
Comprehensive income for the period	(2,906)	8,978		- %
Basic earnings per share for the period (yen)	49.55	25.47		
Diluted earnings per share for the period (yen)	49.41	25.39		

(Note) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

	As of Mar 31, 2020		As of Jun 30, 2020	
	Y		Y	
Total assets	731,472		730,805	
Total equity	445,171		446,208	
Equity attributable to owners of the parent company	428,520		429,653	
Equity attributable to owners of the parent company ratio	58.6 %		58.8 %	
Equity attributable to owners of the parent company per share (yen)	1,649.22		1,653.45	

Highlights of Consolidated Forecast for Fiscal Year ending March 31, 2021

	Millions of yen (except for per share amounts)			Change
	Year ended Mar 31, 2020	[Forecast]		
		Year ending Mar 31, 2021		
Revenue	Y 637,259	Y 560,000		-12.1 %
Business segment profit	66,942	31,000		-53.7 %
Operating profit	67,329	31,000		-54.0 %
Profit before income taxes	67,046	31,000		-53.8 %
Profit for the period	49,699	25,000		-49.7 %
Profit for the period attributable to owners of the parent company	49,566	25,000		-49.6 %
Basic earnings per share for the period (yen)	190.80	96.21		
Dividends per common share (yen)	60.00	34.00		

(Note) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

- Notes:
- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
 - Amounts less than 1 million yen have been rounded down.
 - Yen amounts for the three months ended June 30, 2020 have been translated into U.S. dollars for convenience only, at a uniform rate of US\$1=108.00 yen, in the accompanying consolidated financial statements.
 - Operating results for the three months ended June 30, 2020 are based on the following currency exchange rates:
Actual average rates for the three months ended June 30, 2020: US\$=107.74 yen, EURO=118.94 yen
Forecasts for the year ending March 31, 2021 are based on the following currency exchange rates:
Assumed average rates for the year ending March 31, 2021: US\$=106.67 yen, EURO=119.76 yen
 - Number of shares outstanding (including treasury stock): 262,220 thousands as of March 31, 2020, 262,220 thousands as of June 30, 2020
Number of treasury stock outstanding: 2,388 thousands as of March 31, 2020, 2,367 thousands as of June 30, 2020
Number of weighted average shares:
259,770 thousands during the three months ended June 30, 2019, 259,848 thousands during the three months ended June 30, 2020
 - Changes in Accounting Policies: Amendment to IFRS 16 Leases
The Brother Group early applied the practical expedient in paragraph 46A from the first quarter of the year ending March 31, 2021.
 - Impact of COVID-19
Regarding the impact of COVID-19, it is impossible to predict how it will spread and when it will end. GDP growth rates are expected to be negative worldwide due to the pandemic. There is growing uncertainty over the Group's future business activities.
The Group has made estimates and judgements involving estimations that the current situation will affect its consolidated financial performance for the year ending March 31, 2021 and the situation will be serious, especially, in the first half of the year. The Group's consolidated financial statements for the year ending March 31, 2021 and onwards (particularly, impairment losses of property, plant and equipment, right-of-use assets, intangible assets, including goodwill, and investment property) may be significantly affected depending on the actual outcome.

Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	As of Mar 31, 2020	As of Jun 30, 2020	As of Jun 30, 2020
Assets			
Current assets			
Cash and cash equivalents	Y 168,422	Y 183,026	\$ 1,694,685
Trade and other receivables	95,067	85,018	787,204
Other financial assets	11,277	8,832	81,778
Inventories	117,858	115,553	1,069,935
Other current assets	15,554	14,897	137,935
Subtotal	408,179	407,328	3,771,556
Non-current assets classified as held for sale	601	600	5,556
Total current assets	408,780	407,929	3,777,120
Non-current assets			
Property, plant and equipment	104,204	103,122	954,833
Right-of-use assets	25,727	26,695	247,176
Investment property	8,122	8,261	76,491
Goodwill and intangible assets	134,409	132,337	1,225,343
Investments accounted for using the equity method	1,594	1,576	14,593
Other financial assets	27,871	30,360	281,111
Deferred tax assets	14,533	14,108	130,630
Other non-current assets	6,229	6,413	59,380
Total non-current assets	322,692	322,876	2,989,593
Total assets	Y 731,472	Y 730,805	\$ 6,766,713
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	Y 51,041	Y 43,607	\$ 403,769
Bonds and borrowings	50,361	60,197	557,380
Other financial liabilities	8,482	8,552	79,185
Income taxes payable	3,455	4,073	37,713
Provisions	3,349	3,207	29,694
Contract liabilities	4,413	5,578	51,648
Other current liabilities	48,813	41,977	388,676
Total current liabilities	169,918	167,193	1,548,083
Non-current liabilities			
Bonds and borrowings	56,650	56,444	522,630
Other financial liabilities	28,540	29,642	274,463
Retirement benefits liabilities	20,261	20,567	190,435
Provisions	2,986	2,961	27,417
Deferred tax liabilities	5,564	5,382	49,833
Contract liabilities	1,189	1,274	11,796
Other non-current liabilities	1,188	1,130	10,463
Total non-current liabilities	116,382	117,403	1,087,065
Total liabilities	286,300	284,596	2,635,148
Equity			
Capital stock	19,209	19,209	177,861
Capital surplus	17,632	17,611	163,065
Retained earnings	491,803	491,985	4,555,417
Treasury stock	(2,597)	(2,569)	(23,787)
Other components of equity	(97,526)	(96,583)	(894,287)
Equity attributable to owners of the parent company	428,520	429,653	3,978,269
Non-controlling interests	16,650	16,555	153,287
Total equity	445,171	446,208	4,131,556
Total equity and liabilities	Y 731,472	Y 730,805	\$ 6,766,713

Consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2020
Revenue	Y 159,231	Y 133,186	\$ 1,233,204
Cost of sales	(87,743)	(77,048)	(713,407)
Gross profit	71,488	56,138	519,796
Selling, general and administrative expenses	(53,847)	(47,516)	(439,963)
Other income	1,208	1,211	11,213
Other expenses	(760)	(570)	(5,278)
Operating profit	18,088	9,263	85,769
Finance income	1,676	621	5,750
Finance expenses	(1,760)	(471)	(4,361)
Share of profit/(loss) of investments accounted for using the equity method	24	48	444
Profit before income taxes	18,029	9,461	87,602
Income tax expenses	(5,121)	(2,831)	(26,213)
Profit for the period	12,907	6,630	61,389
Profit for the period attributable to:			
Owners of the parent company	12,871	6,617	61,269
Non-controlling interests	35	12	111
Profit for the period	Y 12,907	Y 6,630	\$ 61,389
Earnings per share:	Yen	Yen	U.S. dollars
Basic earnings per share	Y 49.55	Y 25.47	\$ 0.24
Diluted earnings per share	49.41	25.39	0.24

Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2020
Profit for the period	Y 12,907	Y 6,630	\$ 61,389
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Gains/(Losses) on investments in equity instruments designated as FVTOCI	76	1,405	13,009
Total of items that will not be reclassified subsequently to profit or loss	76	1,405	13,009
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	(15,890)	941	8,713
Total of items that may be reclassified subsequently to profit or loss	(15,890)	941	8,713
Other comprehensive income for the period, net of income tax	(15,814)	2,347	21,731
Comprehensive income for the period	<u>(2,906)</u>	<u>8,978</u>	<u>83,130</u>
Comprehensive income for the period attributable to:			
Owners of the parent company	(2,925)	8,939	82,769
Non-controlling interests	18	38	352
Comprehensive income for the period	<u>Y (2,906)</u>	<u>Y 8,978</u>	<u>\$ 83,130</u>

Consolidated Statement of Changes in Equity

Three months ended June 30, 2019

	Millions of yen									
	Equity attributable to owners of the parent company						Other components of equity			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total	Total	Non-controlling interests	Total equity
Balance as of March 31, 2019	19,209	17,577	462,244	(2,694)	(71,577)	-	(71,577)	424,759	16,833	441,593
Cumulative effect of adoption of the new accounting standards	-	-	(494)	-	-	-	-	(494)	(8)	(503)
Balance as of April 1, 2019	19,209	17,577	461,749	(2,694)	(71,577)	-	(71,577)	424,264	16,825	441,090
Profit for the period	-	-	12,871	-	-	-	-	12,871	35	12,907
Other comprehensive income	-	-	-	-	(15,874)	76	(15,797)	(15,797)	(16)	(15,814)
Total comprehensive income for the period	-	-	12,871	-	(15,874)	76	(15,797)	(2,925)	18	(2,906)
Acquisition of treasury stock	-	-	-	(1)	-	-	-	(1)	-	(1)
Disposal of treasury stock	-	(19)	(8)	28	-	-	-	0	-	0
Dividends paid	-	-	(7,803)	-	-	-	-	(7,803)	(134)	(7,937)
Reclassification to retained earnings	-	-	76	-	-	(76)	(76)	-	-	-
Total transactions with owners	-	(19)	(7,735)	26	-	(76)	(76)	(7,805)	(134)	(7,939)
Balance as of June 30, 2019	19,209	17,557	466,885	(2,667)	(87,451)	-	(87,451)	413,534	16,710	430,244

Three months ended June 30, 2020

	Millions of yen									
	Equity attributable to owners of the parent company						Other components of equity			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total	Total	Non-controlling interests	Total equity
Balance as of April 1, 2020	19,209	17,632	491,803	(2,597)	(97,526)	-	(97,526)	428,520	16,650	445,171
Profit for the period	-	-	6,617	-	-	-	-	6,617	12	6,630
Other comprehensive income	-	-	-	-	943	1,378	2,322	2,322	25	2,347
Total comprehensive income for the period	-	-	6,617	-	943	1,378	2,322	8,939	38	8,978
Acquisition of treasury stock	-	-	-	(1)	-	-	-	(1)	-	(1)
Disposal of treasury stock	-	(20)	(8)	29	-	-	-	0	-	0
Dividends paid	-	-	(7,805)	-	-	-	-	(7,805)	(134)	(7,939)
Reclassification to retained earnings	-	-	1,378	-	-	(1,378)	(1,378)	-	-	-
Total transactions with owners	-	(20)	(6,435)	27	-	(1,378)	(1,378)	(7,806)	(134)	(7,940)
Balance as of June 30, 2020	19,209	17,611	491,985	(2,569)	(96,583)	-	(96,583)	429,653	16,555	446,208

Three months ended June 30, 2020

	Thousands of U.S. dollars									
	Equity attributable to owners of the parent company						Other components of equity			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total	Total	Non-controlling interests	Total equity
Balance as of April 1, 2020	177,861	163,259	4,553,731	(24,046)	(903,019)	-	(903,019)	3,967,778	154,167	4,121,954
Profit for the period	-	-	61,269	-	-	-	-	61,269	111	61,389
Other comprehensive income	-	-	-	-	8,731	12,759	21,500	21,500	231	21,731
Total comprehensive income for the period	-	-	61,269	-	8,731	12,759	21,500	82,769	352	83,130
Acquisition of treasury stock	-	-	-	(9)	-	-	-	(9)	-	(9)
Disposal of treasury stock	-	(185)	(74)	269	-	-	-	0	-	0
Dividends paid	-	-	(72,269)	-	-	-	-	(72,269)	(1,241)	(73,509)
Reclassification to retained earnings	-	-	12,759	-	-	(12,759)	(12,759)	-	-	-
Total transactions with owners	-	(185)	(59,583)	250	-	(12,759)	(12,759)	(72,278)	(1,241)	(73,519)
Balance as of June 30, 2020	177,861	163,065	4,555,417	(23,787)	(894,287)	-	(894,287)	3,978,269	153,287	4,131,556

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2020
Cash flows from operating activities			
Profit before income taxes	Y 18,029	Y 9,461	\$ 87,602
Depreciation and amortization	10,250	9,679	89,620
Finance expenses/(income)	84	(149)	(1,380)
Share of loss/(profit) of investments accounted for using the equity method	(24)	(48)	(444)
Losses/(gains) on sale and disposal of fixed assets	228	0	0
Decrease/(increase) in trade and other receivables	3,997	10,428	96,556
Decrease/(increase) in inventories	(2,808)	2,309	21,380
Increase/(decrease) in trade and other payables	(5,328)	(5,715)	(52,917)
Decrease/(increase) in retirement benefit assets	(42)	(130)	(1,204)
Increase/(decrease) in retirement benefit liabilities	47	215	1,991
Other	(3,329)	(5,296)	(49,037)
Subtotal	21,102	20,755	192,176
Interest received	245	180	1,667
Dividends received	217	183	1,694
Interest paid	(303)	(142)	(1,315)
Income taxes paid	(8,818)	(2,590)	(23,981)
Net cash provided by operating activities	Y 12,443	Y 18,386	\$ 170,241
Cash flows from investing activities			
Purchases of property, plant and equipment	(5,154)	(5,941)	(55,009)
Proceeds from sales of property, plant and equipment	85	264	2,444
Purchases of intangible assets	(1,630)	(1,258)	(11,648)
Purchases of investments in equity instruments	(130)	(51)	(472)
Purchase of investments in debt instruments	(1,720)	(1,533)	(14,194)
Proceeds from sales or redemption of investments in debt instruments	1,359	2,899	26,843
Payments for acquisition of business	(1,737)	-	-
Other	(478)	(140)	(1,296)
Net cash provided by (used in) investing activities	Y (9,407)	Y (5,762)	\$ (53,352)
Cash flows from financing activities			
Proceeds from short-term borrowings	337	9,987	92,472
Proceeds from long-term borrowings	-	200	1,852
Repayment of long-term borrowings	-	(200)	(1,852)
Redemption of bonds	-	(140)	(1,296)
Repayment of lease obligations	(2,033)	(1,684)	(15,593)
Dividends paid	(7,803)	(7,805)	(72,269)
Dividends paid to non-controlling interests	(134)	(134)	(1,241)
Other	(1)	(0)	(0)
Net cash provided by (used in) financing activities	Y (9,633)	Y 221	\$ 2,046
Effect of exchange rate changes on cash and cash equivalents	(3,593)	1,757	16,269
Net increase/(decrease) in cash and cash equivalents	(10,191)	14,604	135,222
Cash and cash equivalents at the beginning of the period	131,152	168,422	1,559,463
Cash and cash equivalents at the end of the period	Y 120,961	Y 183,026	\$ 1,694,685

Segment Information

Three months ended June 30, 2019

	Millions of yen								
	Reportable segments						Total	Reconciliations	Consolidated
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	98,194	8,883	20,540	11,319	16,853	3,441	159,231	-	159,231
Intersegment	-	-	-	-	174	2,538	2,712	(2,712)	-
Total	98,194	8,883	20,540	11,319	17,027	5,979	161,944	(2,712)	159,231
Business segment profit/(loss)	16,440	146	536	(591)	1,104	201	17,837	(196)	17,641
Other income and expenses	185	(41)	33	52	6	210	447	-	447
Operating profit/(loss)	16,626	104	569	(538)	1,110	412	18,285	(196)	18,088
Finance income and expenses									(84)
Share of profit/(loss) of investments accounted for using the equity method									24
Profit before income taxes									18,029

Three months ended June 30, 2020

	Millions of yen								
	Reportable segments						Total	Reconciliations	Consolidated
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	82,919	10,861	15,048	6,158	15,376	2,820	133,186	-	133,186
Intersegment	-	-	-	-	132	2,070	2,203	(2,203)	-
Total	82,919	10,861	15,048	6,158	15,508	4,891	135,389	(2,203)	133,186
Business segment profit/(loss)	9,357	1,384	(149)	(2,264)	358	(22)	8,664	(41)	8,622
Other income and expenses	735	(1)	(220)	(1)	(123)	252	641	-	641
Operating profit/(loss)	10,092	1,383	(369)	(2,266)	235	230	9,305	(41)	9,263
Finance income and expenses									149
Share of profit/(loss) of investments accounted for using the equity method									48
Profit before income taxes									9,461

Three months ended June 30, 2020

	Thousand of U.S. dollars								
	Reportable segments						Total	Reconciliations	Consolidated
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	767,769	100,565	139,333	57,019	142,370	26,111	1,233,204	-	1,233,204
Intersegment	-	-	-	-	1,222	19,167	20,398	(20,398)	-
Total	767,769	100,565	139,333	57,019	143,593	45,287	1,253,602	(20,398)	1,233,204
Business segment profit/(loss)	86,639	12,815	(1,380)	(20,963)	3,315	(204)	80,222	(380)	79,833
Other income and expenses	6,806	(9)	(2,037)	(9)	(1,139)	2,333	5,935	-	5,935
Operating profit/(loss)	93,444	12,806	(3,417)	(20,981)	2,176	2,130	86,157	(380)	85,769
Finance income and expenses									1,380
Share of profit/(loss) of investments accounted for using the equity method									444
Profit before income taxes									87,602

Notes:

1) Main products in each business segment are as follows:

Printing & Solutions	Printers, All-in-Ones, Labeling Systems, Label Printers, Scanners, etc.
Personal & Home	Home Sewing Machines, Home Cutting Machines, etc.
Machinery	Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers, Gears, etc.
Network & Contents	Online Karaoke Systems, Management of Karaoke Clubs, Content Services, etc.
Domino	Cording & Marking Equipment, Digital Printing Equipment, etc.
Others	Real Estate, etc.

2) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.