

Fiscal Year 2023 (ended March 31, 2024) Financial Results

May 9, 2024

Brother Industries, Ltd.

Akira Nakashima

Executive Officer, Responsible for Finance & Accounting Dept.

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

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Highlights

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Results for FY2023

◆ Sales revenue **822.9 billion yen/ +0.9% (year-on-year)**

- ✓ Sales revenue was flat year-on-year due to positive FX effects, despite the impact of sluggish market conditions in China and Asia in the Machinery business, lower hardware sales in the P&S business, etc.

◆ Business segment profit **75.6 billion yen/ +25.1% (year-on-year)**

- ✓ Business segment profit increased substantially due to lower logistics costs, higher consumables sales and price adjustments in the P&S business, in addition to positive FX effects, despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, etc.

◆ Operating profit **49.8 billion yen/ -10.1% (year-on-year)**

- ✓ Operating profit decreased due to the recording of an impairment loss on a part of goodwill in the Domino business and other factors.

◆ Net income* **31.6 billion yen/ -19.0% (year-on-year)**

* Net income attributable to owners of the parent company

Highlights

(Forecast for FY2024/Shareholder returns)

Forecast for FY2024

◆ **Sales revenue** **880.0 billion yen/ +6.9% (year-on-year)**

◆ **Business segment profit** **88.0 billion yen/ +16.4% (year-on-year)**

- ✓ Aiming for growth in the industrial area, mainly in the Machinery business, and maintaining profitability in the P&S business. Revenue and profit are expected to increase for the company as a whole.
- ✓ Continue to make prior investments for the future as outlined in the medium-term business strategy “CS B2024.”

Shareholder returns

- ✓ Annual dividend for FY2023 of 84 yen per share (planned)
(16 yen increase from the previous fiscal year)
- ✓ Annual dividend for FY2024 of 100 yen per share (planned)
(16 yen increase from the previous fiscal year)

Results for FY2023

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Consolidated Results for FY2023

Sales revenue was flat year-on-year due to positive FX effects.
Business segment profit increased substantially,
but operating profit and subsequent items decreased due to the recording of an
impairment loss on a part of goodwill in the Domino business.

(100 Millions of Yen)

	FY22 Actual	FY23 Actual	Change (w/o FX)	Rate of Change (w/o FX)	Previous Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,153	8,229	77 (-352)	0.9% (-4.3%)	8,200	29 (-56)	0.4% (-0.7%)
Business segment profit	604	756	152 (57)	25.1% (9.4%)	700	56 (39)	8.0% (5.6%)
Business segment profit ratio	7.4%	9.2%			8.5%		
Other income/expense	-50	-258	-208		0	-258	
Operating profit	554	498	-56	-10.1%	700	-202	-28.9%
Operating profit ratio	6.8%	6.1%			8.5%		
Income before tax	570	525	-44	-7.8%	700	-175	-25.0%
Net income attribute to owners of the parent company	391	316	-74	-19.0%	500	-184	-36.7%
USD	134.95	144.40	9.45		143.03	2.14	
EUR	141.24	156.80	15.56		154.54	2.26	

<Ref.> FX sensitivity* (FY2023 Results)
(billions of yen) Sales Business Segment Profit

USD	1.5	-0.3
EUR	1.1	0.8

*Annual impact of JPY 1 change

- Gain and loss on sale of fixed assets: +2.8 billion yen
- Impairment loss on a part of goodwill in the Domino business: -28.2 billion yen

Results for FY2023 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	FY22 Actual	FY23 Actual	Change	FY22 Actual	FY23 Actual	Change	FY22 Actual	FY23 Actual	Change
P&S	4,967	5,149	182	371	625	254	365	610	246
Machinery	964	774	-190	95	22	-73	98	23	-75
Domino	1,008	1,096	88	56	51	-5	-58	-241	-183
Nissei	235	208	-27	19	10	-9	18	10	-8
P&H	510	505	-5	58	25	-33	59	25	-34
N&C	353	381	28	5	16	12	8	17	8
Other	116	116	0	1	6	5	64	54	-10
Total	8,153	8,229	77	604	756	152	554	498	-56

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

■ Review of FY2023 by Business (on a results basis excluding FX effects)

P&S

- [Communications & Printing Equipment] Sales of hardware decreased due to sluggish market conditions mainly in China, the U.S. and Europe, but sales of consumables were firm.
- [Labeling] Sales of hardware were firm compared to the previous fiscal year when supply constraints resulting from a shortage of parts and materials impacted sales.
- Profit increased substantially due to lower logistics costs, an increase in gross profit resulting from sales of consumables for communications and printing equipment, and positive price adjustment effects, despite higher sales promotion and SG&A costs.

Machinery

- [Machine Tools] Sales decreased sharply due to sluggish demand for capital investment mainly in China and Asia.
- [Industrial Sewing Machines] Sales of garment printers increased in the Americas, but sales of industrial sewing machines decreased due to sluggish capital investment demand among apparel manufacturers in Asia.
- Profit decreased substantially due to a decrease in sales.

Domino

- Revenue increased due to firm sales of consumables, despite decreased sales of hardware resulting from a softening in the demand for capital investment.
- Business segment profit decreased due to increased SG&A costs, etc. resulting from reinforcement of sales activities and updating of backbone business systems.
- As for operating profit, an impairment loss on a part of goodwill were recorded due to the negative impact of ongoing appreciation of the British pound.

Nissei

- Revenue and profit decreased due to sluggish sales of both reducers and gears resulting from weak demand for capital investment.

P&H

- Revenue and profit decreased due to decreased sales, mainly of middle- to high-end models resulting from sluggish market conditions, mainly in the Americas.

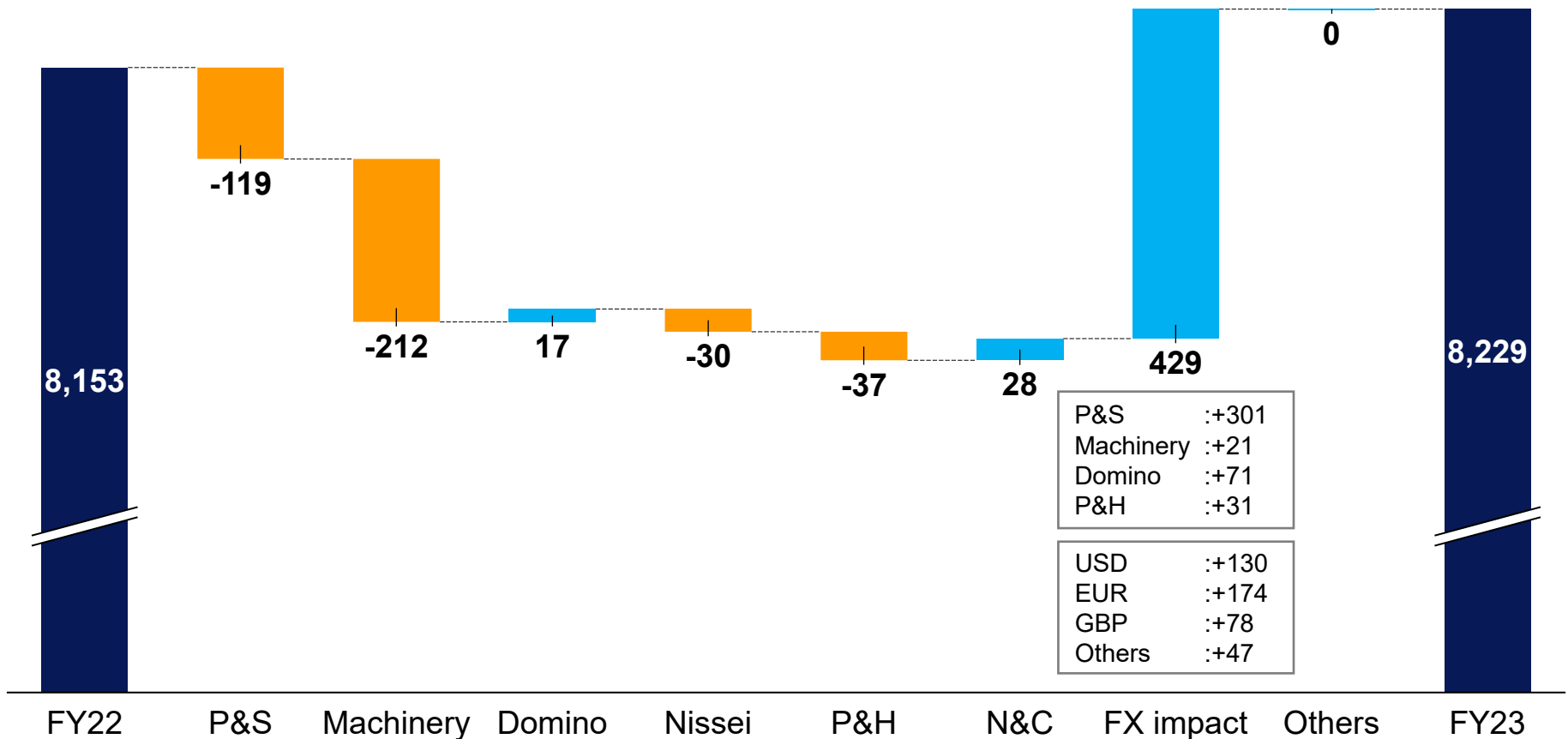
N&C

- Revenue and profit increased due to a recovery in customer traffic in conjunction with the classification of COVID-19 being changed to a lower level in Japan and the positive impact of launching new products.

Main Factors for Changes in Sales Revenue

Sales revenue was flat year-on-year due to positive FX effects, despite the impact of sluggish market conditions in China and other Asia in the Machinery business and decreased sales of hardware in the P&S business.

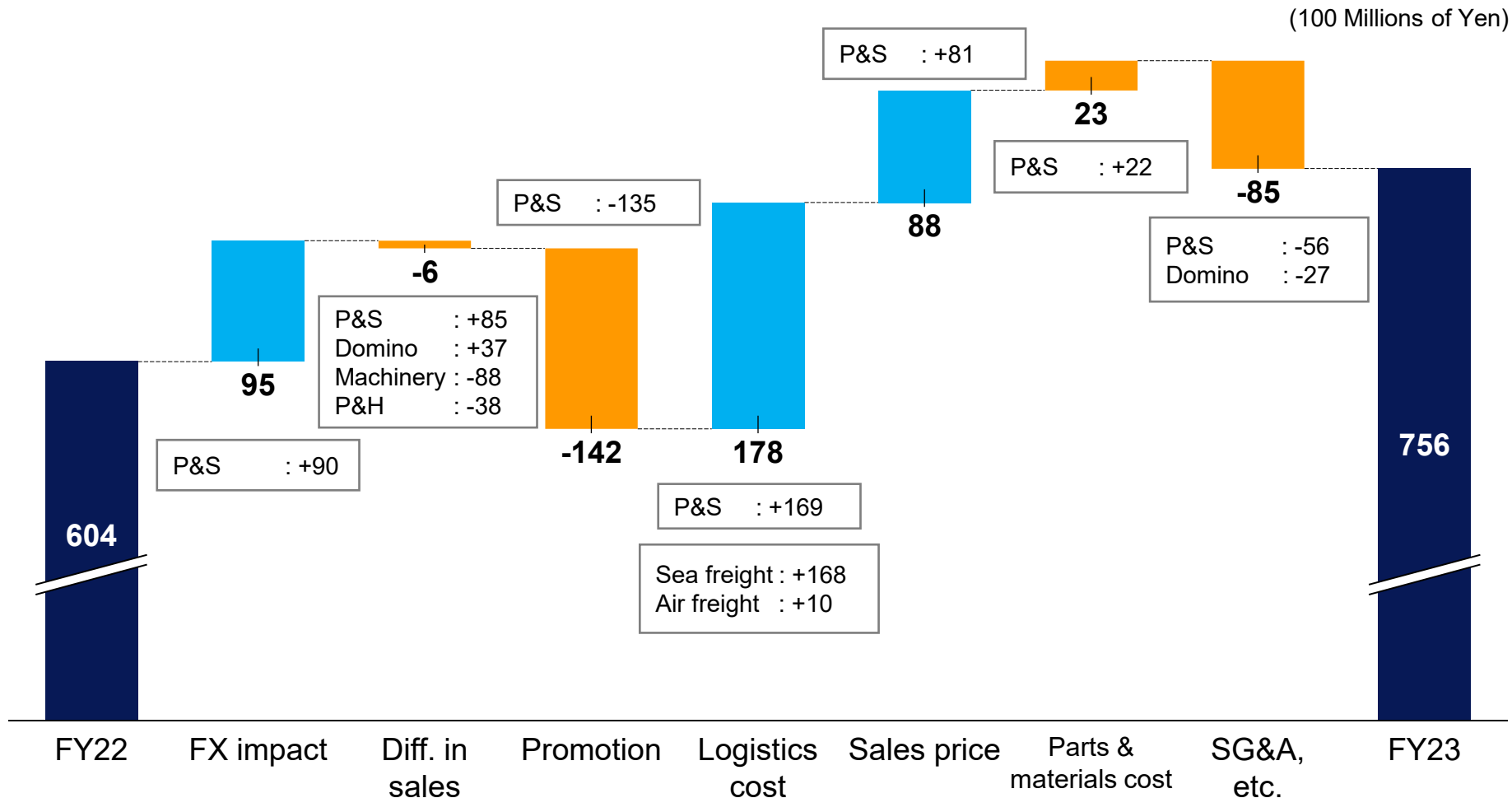
(100 Millions of Yen)



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

Main Factors for Changes in Business Segment Profit

Business segment profit increased substantially due to lower logistics costs, price adjustment effects and positive FX effects, despite higher sales promotion and SG&A costs.



Forecast for FY2024

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Preconditions for Forecast for FY2024

■ Preconditions for forecast for FY2024 (Recognition of business environment)

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

Exchange rate precondition		1USD=145 yen, 1EUR=155 yen
Markets	P&S	[Communications & Printing Equipment] Print volume is slowly declining, and competition is intensifying with the market contraction and the recovery of each company's supply capacity. [Labeling] The Commercial & Industrial Labeling market continues to expand.
	Machinery	[Machine Tools] Market conditions are recovering every quarter, mainly in China, and the Indian market is growing. [Industrial Sewing Machines] For industrial sewing machines, demand for capital investment in apparel manufacturers is recovering, mainly in Asia. The Garment Printer market is growing, but competition is intensifying.
	Domino	C&M demand remains firm due to growing awareness of traceability.
	Nissei	Demand for capital investment is recovering slowly through the second half of FY2024.
	P&H	The decrease in demand caused by the COVID-19-related surge has been resolved, and market conditions are returning to normal
	N&C	Demand for karaoke does not fully return to the pre-COVID-19 level but remains at the level of the second half of FY2023.
Supply		In each business, constraints on supply are not factored in the assumptions.
Costs	Promotion	Sales promotion costs are increasing mainly in the P&S business accompanying reinforced sales activities for hardware and the recovery of each company's supply capacity.
	Logistics	Sea freight rates are decreasing somewhat, although the impact caused by navigation restrictions of the Suez Canal is expected.
	Parts & materials	Parts and materials costs are decreasing somewhat as the surge in parts and materials prices has subsided.
	SG&A	Expenses, mainly personnel expenses, are increasing due to the impact of inflation and strengthened sales activities.

Aiming for growth in the industrial area, mainly in the Machinery business, and maintaining profitability in the P&S business. Revenue and profit are expected to increase for the company as a whole

(100 Millions of Yen)

	FY23 Actual	FY24 Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,229	8,800	571 (673)	6.9% (8.2%)
Business Segment Profit	756	880	124 (57)	16.4% (7.5%)
Business Segment Profit Ratio	9.2%	10.0%		
Other income/expense	-258	0	258	
Operating Profit	498	880	382	76.7%
Operating Profit Ratio	6.1%	10.0%		
Income before Tax	525	880	355	67.5%
Net Income				
attribute to owners of the parent company	316	630	314	99.1%
USD	144.40	145.00	0.60	
EUR	156.80	155.00	-1.80	

Forecast for FY2024 by Business Segment

(100 Millions of Yen)

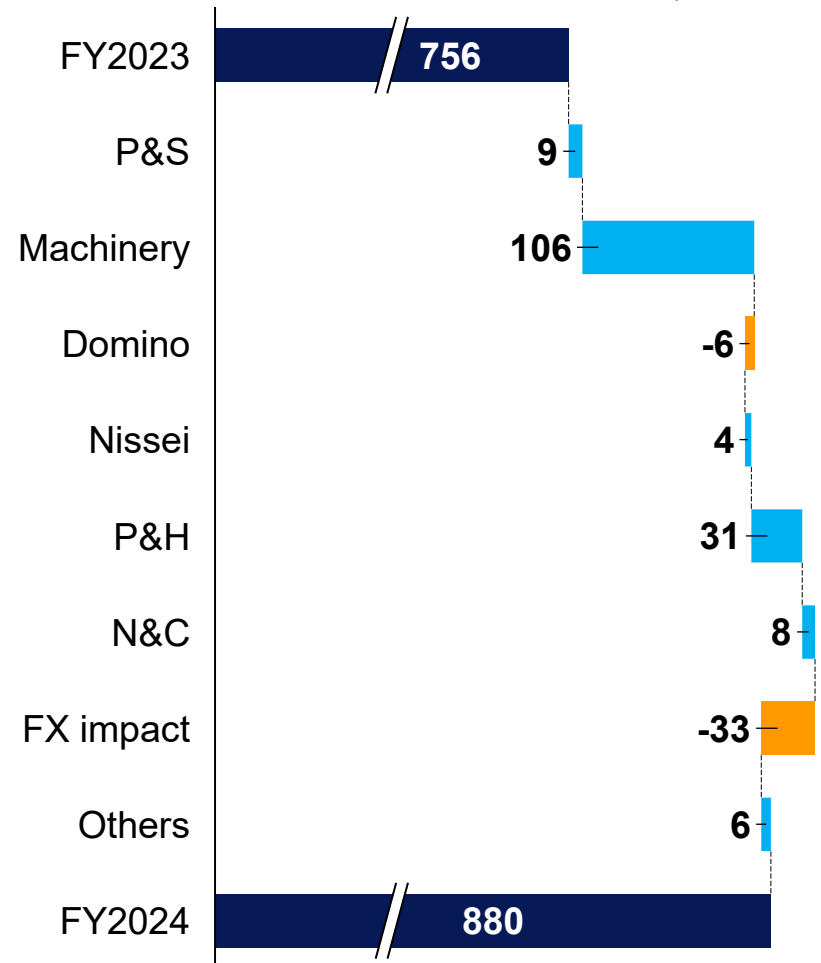
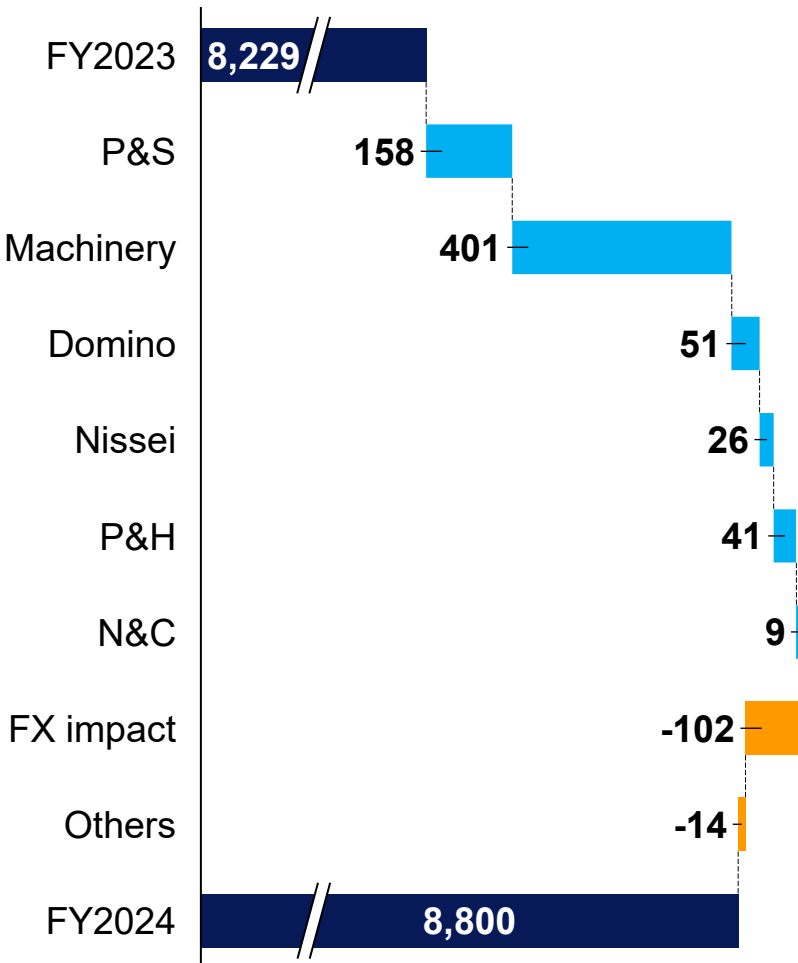
Sales revenue				Business Segment Profit			Operating Profit		
	FY23 Actual	FY24 Forecast	Change	FY23 Actual	FY24 Forecast	Change	FY23 Actual	FY24 Forecast	Change
P&S	5,149	5,228	79	625	604	-21	610	604	-6
Machinery	774	1,171	397	22	127	105	23	127	104
Domino	1,096	1,137	41	51	45	-6	-241	45	286
Nissei	208	234	26	10	14	4	10	14	4
P&H	505	538	33	25	54	29	25	54	29
N&C	381	390	9	16	24	8	17	24	7
Other	116	102	-14	6	12	6	54	12	-42
Total	8,229	8,800	571	756	880	124	498	880	382

* "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

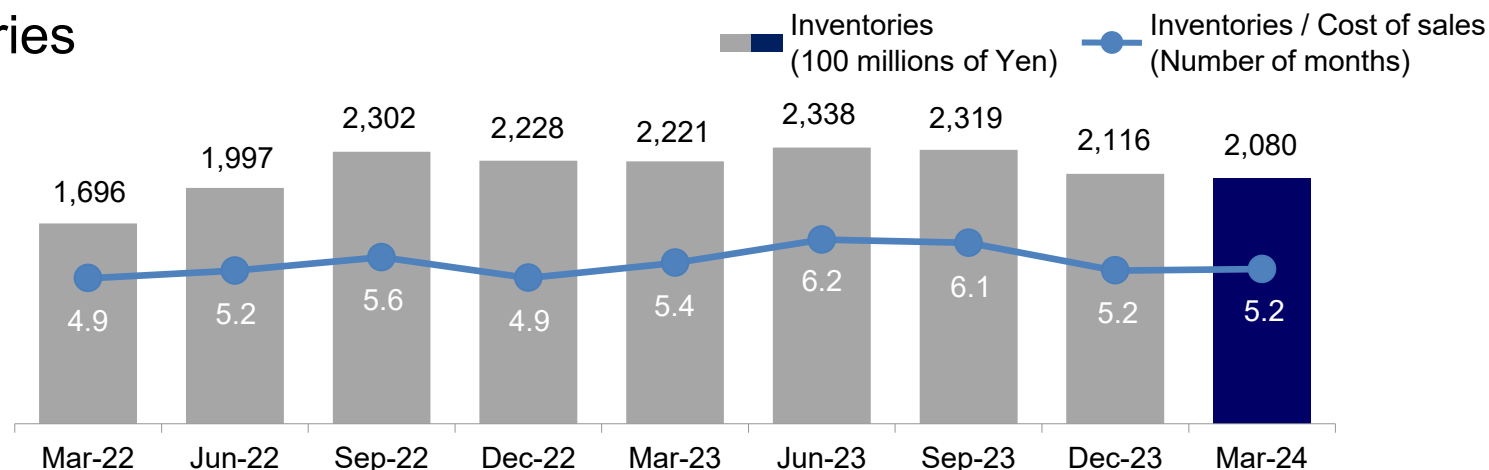
(100 Millions of Yen)

	End of Mar 23	End of Mar24	Change
Current assets	5,117	5,419	302
Cash&Cash equivalents	1,190	1,661	471
Inventories	2,221	2,080	-142
Non-current assets	3,387	3,542	155
Total liabilities	2,538	2,280	-258
Interest-bearing debt	374	6	-368
Shareholders' equity*	5,966	6,680	714
Total assets	8,505	8,961	456

*Equity attributable to owners of the parent company

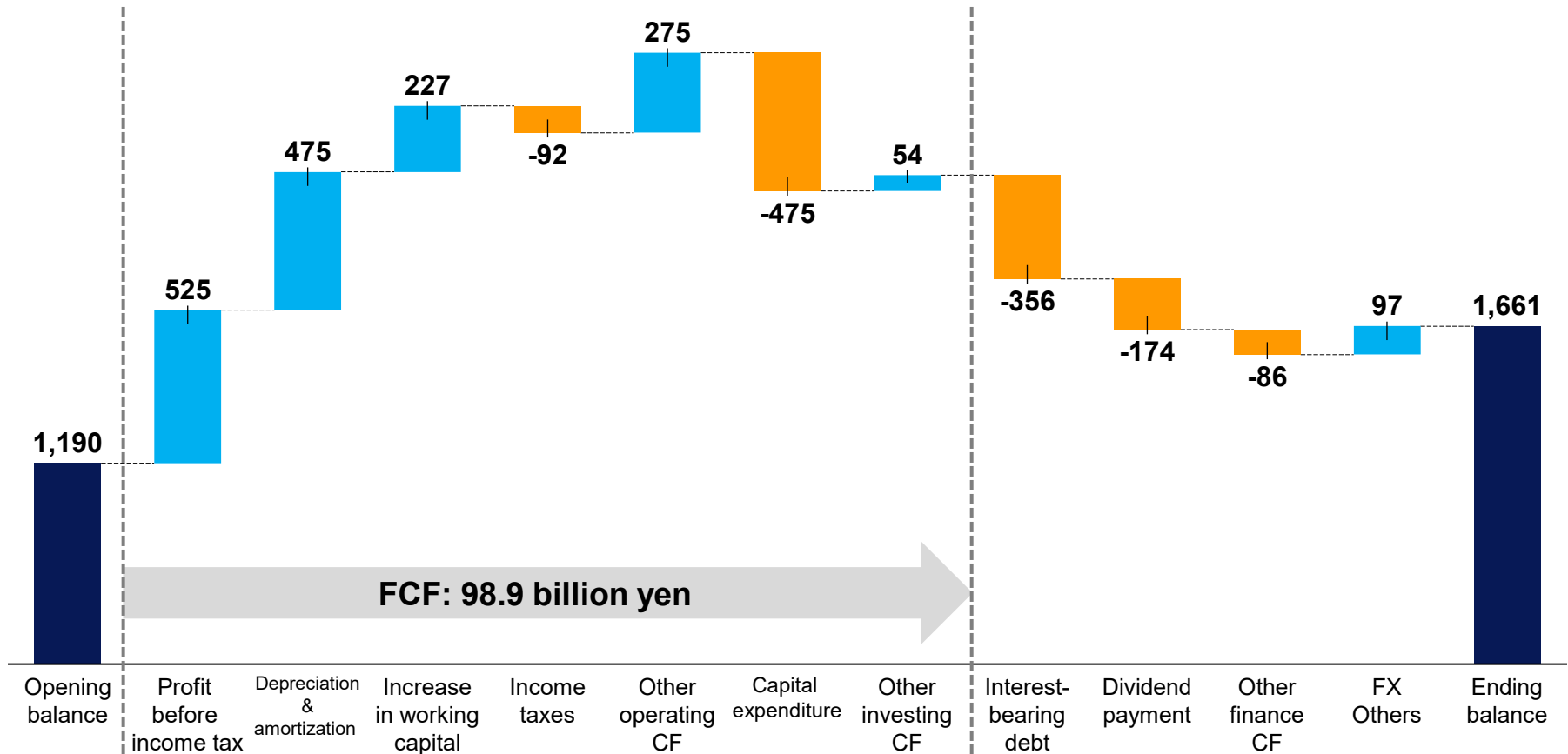
	End of Mar 23	End of Mar24	Change
Net cash	816	1,655	839
Shareholders' equity ratio	70.2%	74.5%	4.4%
ROE	6.8%	5.0%	-1.7%

Inventories



FY2023 Cash Flow Analysis

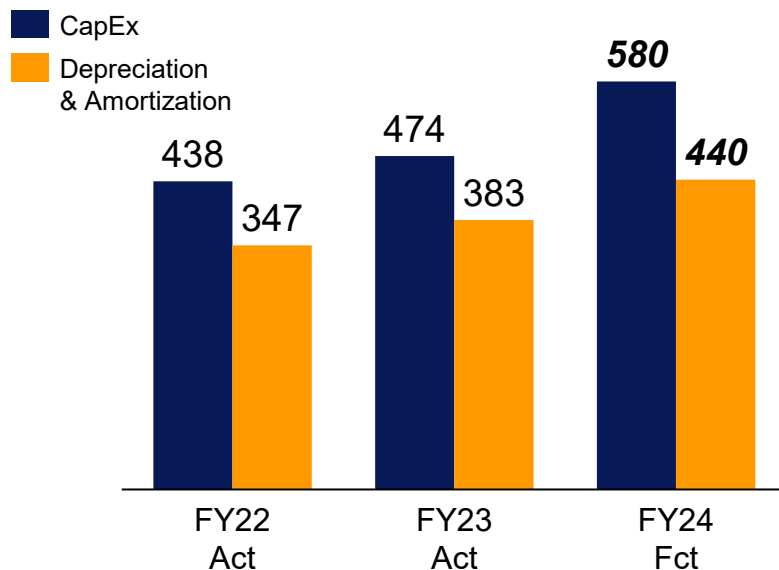
(100 Millions of Yen)



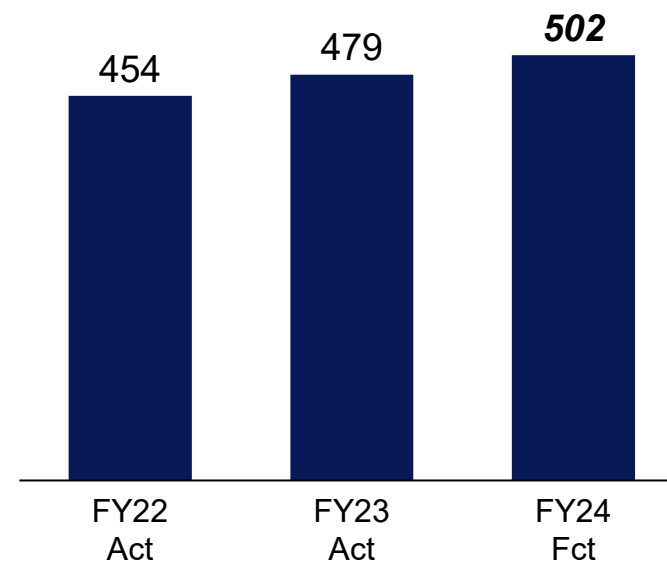
Capital Expenditure, Depreciation and Amortization/ R&D Expenses

(100 Millions of Yen)

Capital Expenditure/Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY22	FY23	FY24
Industrial area	82	100	118
Consumer area & Others	356	375	462
Total	438	474	580

Breakdown by business (R&D)

	FY22	FY23	FY24
Industrial area	123	134	147
Consumer area & Others	331	346	355
Total	454	479	502

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

Shareholder Returns

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Raise dividend level, based on the basic policy of shareholder returns. Annual dividend for FY2023 of 84 yen per share (16 yen increase from the previous fiscal year), and annual dividend for FY2024 of 100 yen per share (16 yen increase from the previous fiscal year).

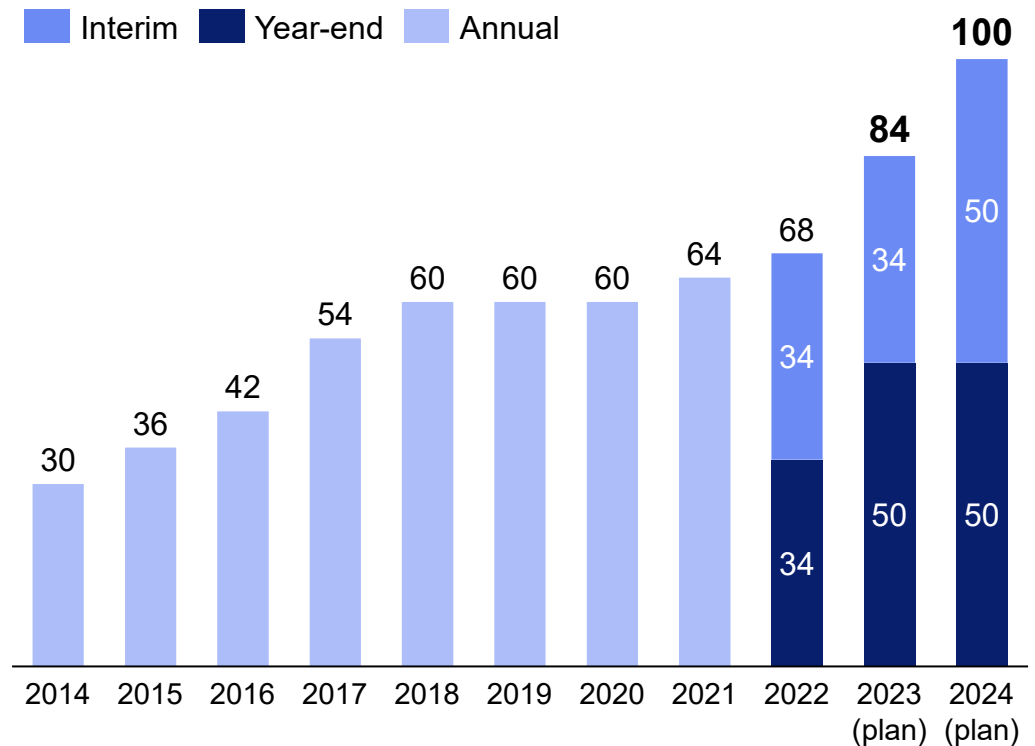
Shareholder return policy

Basic policy

Implement stable and continuous shareholder returns

- Minimum annual dividend of **68 yen** per share during period of CS B2024
- 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**.

Dividend per share (yen)



*The annual dividend of 100 yen for FY2024 is equivalent to a dividend payout ratio of 40%.

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Results for FY2023 Q4 (Jan.-Mar., 2024)

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Consolidated Results for FY2023 Q4

Sales revenue and business segment profit increased due to positive FX effects, but operating profit and subsequent items recorded deficit due to an impairment loss on a part of goodwill recorded in the Domino business and other factors.

(100 Millions of Yen)

	22Q4	23Q4	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	2,018	2,102	84 (-74)	4.1% (-3.7%)
Business segment profit	84	140	55 (23)	65.6% (27.6%)
Business segment profit ratio	4.2%	6.6%		
Other income/expense	-121	-253	-132	
Operating profit	-36	-113	-77	-
Operating profit ratio	-1.8%	-5.4%		
Income before tax	-32	-108	-76	-
Net income				
attribute to owners of the parent company	-39	-150	-111	-
USD	133.26	147.87	14.61	
EUR	143.34	160.90	17.56	

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

• Gain and loss on sale of fixed assets: +2.8 billion yen
• Impairment loss on a part of goodwill in the Domino business: -28.2 billion yen

Results for FY2023 Q4 by Business Segment

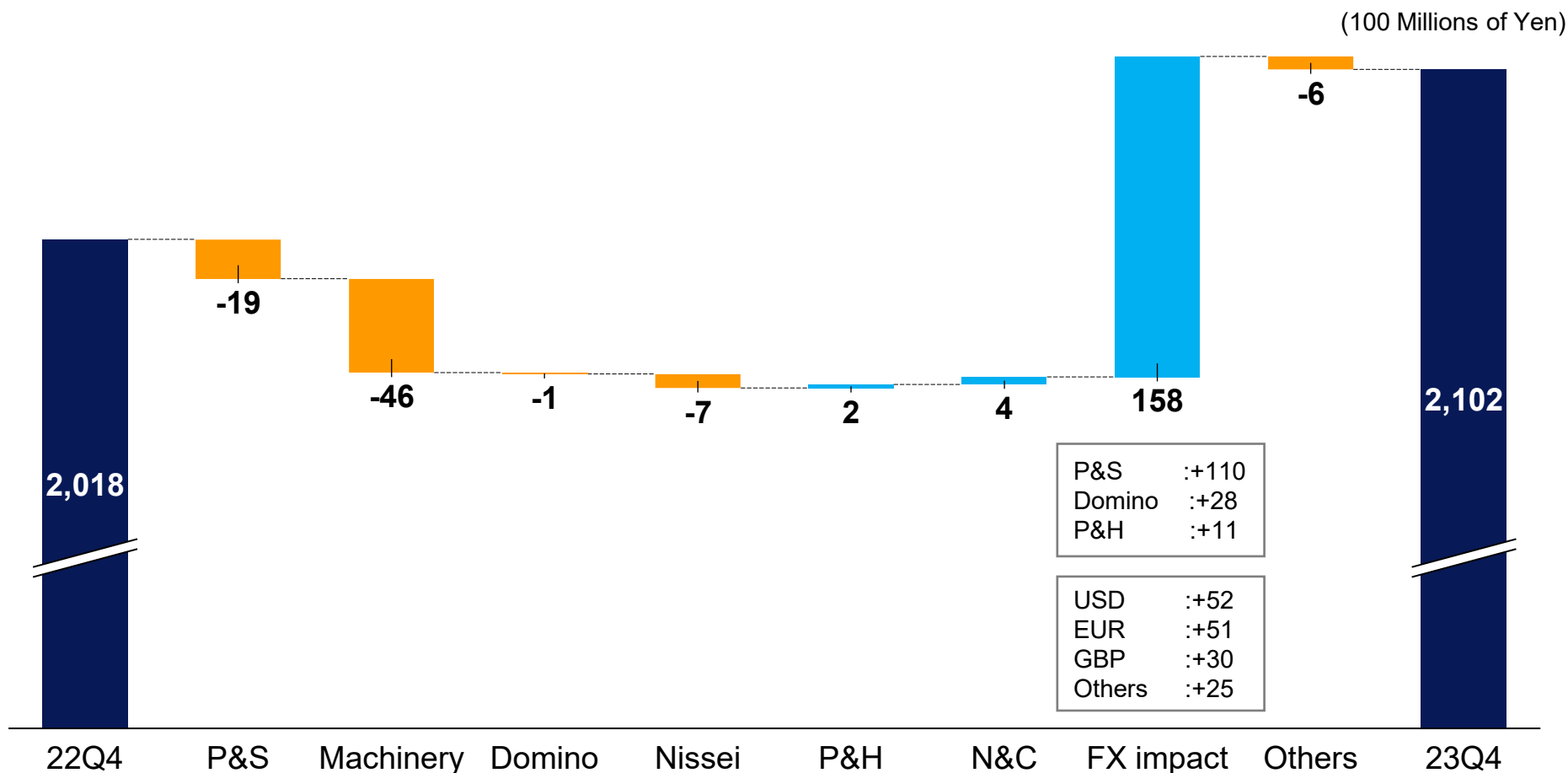
(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	22Q4	23Q4	Change	22Q4	23Q4	Change	22Q4	23Q4	Change
P&S	1,225	1,315	90	50	126	75	38	120	82
Machinery	233	195	-38	15	-3	-18	14	-3	-17
Domino	265	292	27	15	6	-9	-98	-279	-181
Nissei	55	50	-5	0	1	0	-1	1	2
P&H	115	127	13	10	11	1	10	12	2
N&C	92	96	4	-1	1	1	-2	-1	1
Other	33	26	-6	-6	-1	5	3	37	34
Total	2,018	2,102	84	84	140	55	-36	-113	-77

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

Main Factors for Changes in Sales Revenue

Sales revenue increased due to positive FX effects, despite the impact of weak market conditions in China and Asia in the Machinery business, decreased sales of hardware in the P&S business, etc.

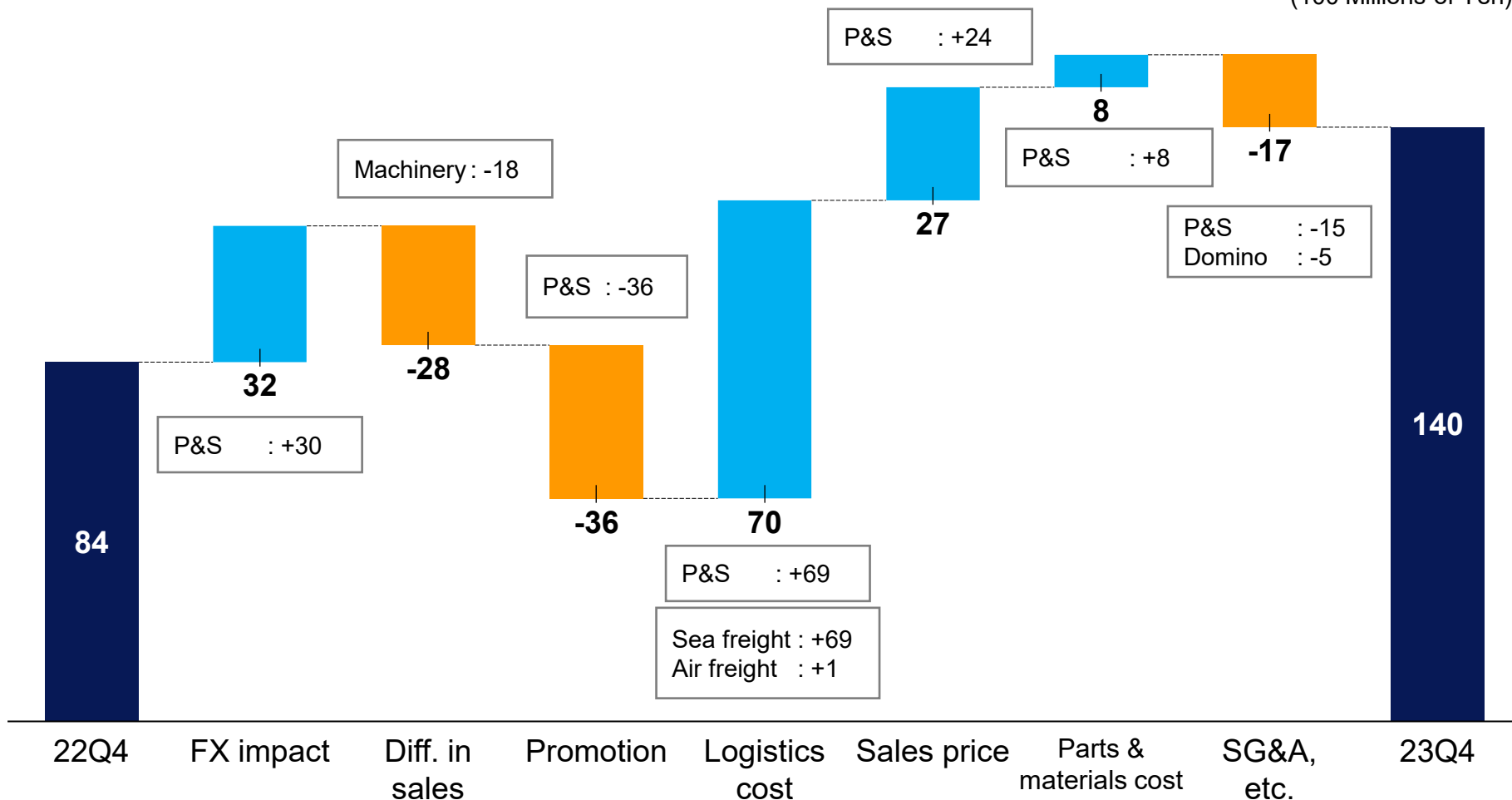


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Profit increased substantially due to lower logistics costs and the effects of price adjustments in the P&S business, as well as positive FX effects, despite higher sales promotion and SG&A costs and effects from lower revenue in the Machinery business.

(100 Millions of Yen)



Business Segment Information (Results for FY2023)

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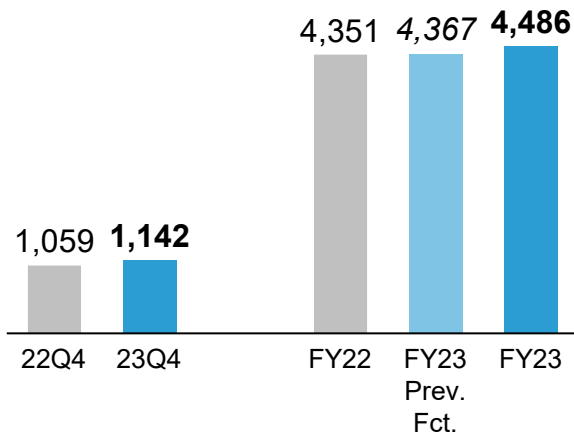
(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX
Sales revenue	1,225	1,315	7.4%	-1.6%
Communications & printing equipment	1,059	1,142	7.8%	-1.2%
Americas	421	456	8.3%	-0.3%
Europe	363	383	5.5%	-6.3%
Asia & others	181	199	10.0%	2.3%
Japan (incl. OEM)	95	105	10.1%	7.4%
Labeling	166	173	4.4%	-4.1%
Americas	74	81	9.3%	0.9%
Europe	56	57	0.9%	-10.4%
Asia & others	22	22	2.1%	-4.9%
Japan	14	14	-3.8%	-
Business segment profit	50	126	148.8%	-
Operating profit	38	120	213.7%	-

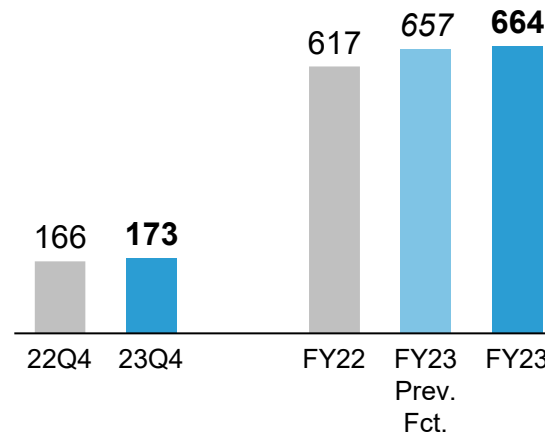
	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	4,967	5,025	5,149	3.7%	-2.4%
Communications & printing equipment	4,351	4,367	4,486	3.1%	-2.9%
Americas	1,688	1,726	1,742	3.2%	-1.6%
Europe	1,351	1,366	1,449	7.2%	-3.4%
Asia & others	847	848	866	2.2%	-1.5%
Japan (incl. OEM)	464	428	429	-7.6%	-9.2%
Labeling	617	657	664	7.7%	1.5%
Americas	286	296	304	6.3%	1.3%
Europe	186	208	208	11.5%	0.4%
Asia & others	98	104	104	6.1%	2.7%
Japan	46	49	48	4.2%	-
Business segment profit	371	547	625	68.6%	-
Operating profit	365	531	610	67.4%	-

<Sales Revenue>

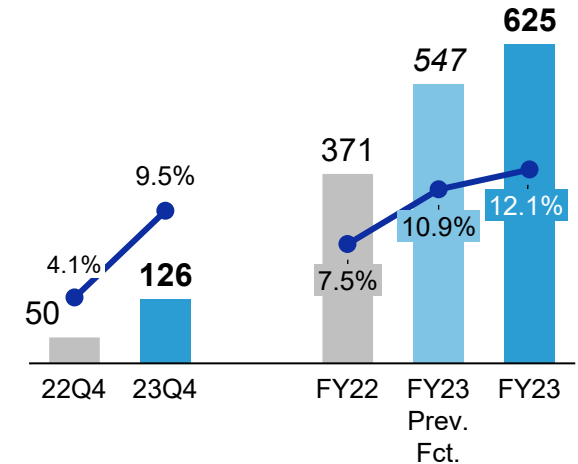
Communications & Printing Equipment



Labeling



<Business Segment Profit> —●— Profit ratio



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

	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	FY21	FY22	FY23
Laser (LBP)															
Sales revenue growth rate (JPY/YoY)															
Hardware	-10%	-4%	-9%	-8%	41%	45%	42%	36%	4%	-17%	-13%	-1%	-8%	41%	-8%
Consumable	21%	15%	14%	16%	18%	-8%	0%	4%	3%	15%	11%	18%	16%	3%	11%
Sales revenue growth rate (LC/YoY)															
Hardware	-16%	-9%	-15%	-13%	25%	23%	21%	23%	-1%	-21%	-16%	-9%	-13%	23%	-13%
Consumable	12%	9%	6%	9%	7%	-20%	-13%	-6%	-3%	7%	5%	7%	9%	-8%	4%
Inkjet (IJP)															
Sales revenue growth rate (JPY/YoY)															
Hardware	90%	95%	17%	15%	18%	32%	46%	39%	5%	3%	-5%	-1%	45%	33%	0%
Consumable	11%	-6%	-3%	2%	19%	-2%	8%	13%	15%	16%	0%	5%	0%	9%	8%
Sales revenue growth rate (LC/YoY)															
Hardware	79%	87%	11%	10%	8%	16%	30%	27%	2%	-2%	-8%	-7%	38%	20%	-4%
Consumable	5%	-10%	-7%	-2%	11%	-12%	-2%	4%	9%	9%	-4%	-3%	-4%	0%	2%
Cosumable ratio															
	56%	57%	58%	59%	53%	47%	49%	53%	54%	53%	54%	56%	57%	51%	54%
Growth rate of hardware (Units/YoY)															
Laser (LBP)	-28%	-16%	-20%	-16%	14%	9%	3%	8%	-1%	-21%	-8%	-6%	-20%	8%	-9%
Inkjet (IJP)	65%	101%	1%	7%	8%	16%	42%	43%	4%	0%	-3%	-8%	34%	26%	-2%

Machinery

Sales Revenue & Profit

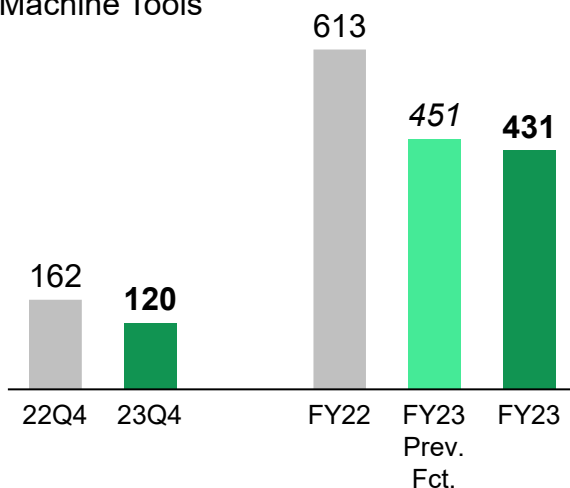
(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX
Sales revenue	233	195	-16.3%	-19.8%
Machine tools	162	120	-25.7%	-26.8%
Americas	13	12	-2.9%	-
Europe	8	8	4.0%	-
Asia & others	113	67	-40.6%	-
Japan	28	32	14.8%	-
Industrial sewing machines	71	75	5.1%	-4.0%
Americas	23	20	-15.5%	-24.1%
Europe	17	15	-10.9%	-20.7%
Asia & others	27	36	35.9%	25.4%
Japan	5	4	-11.4%	-
Business segment profit	15	-3	-122.4%	-
Operating profit	14	-3	-124.8%	-

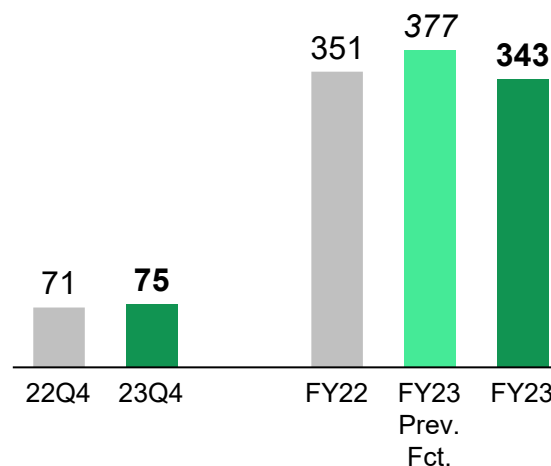
	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	964	828	774	-19.7%	-22.0%
Machine tools	613	451	431	-29.7%	-30.1%
Americas	41	35	36	-10.8%	-
Europe	38	36	32	-16.1%	-
Asia & others	432	254	244	-43.6%	-
Japan	103	126	119	16.1%	-
Industrial sewing machines	351	377	343	-2.3%	-7.7%
Americas	105	125	114	8.4%	3.0%
Europe	74	86	74	0.3%	-9.6%
Asia & others	155	146	134	-13.3%	-17.1%
Japan	17	20	20	20.6%	-
Business segment profit	95	35	22	-76.8%	-
Operating profit	98	37	23	-76.6%	-

<Sales Revenue>

Machine Tools

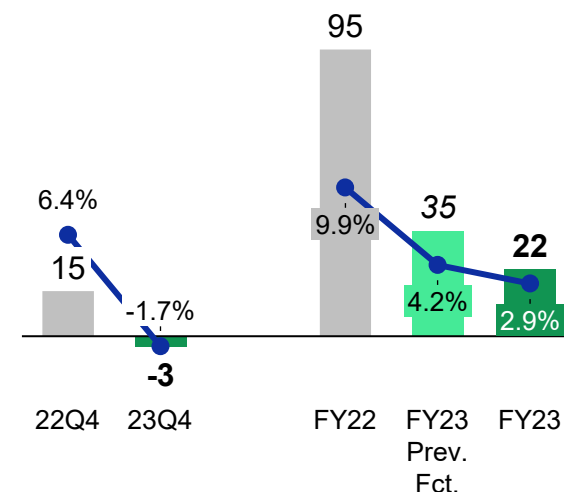


Industrial Sewing Machines



<Business Segment Profit>

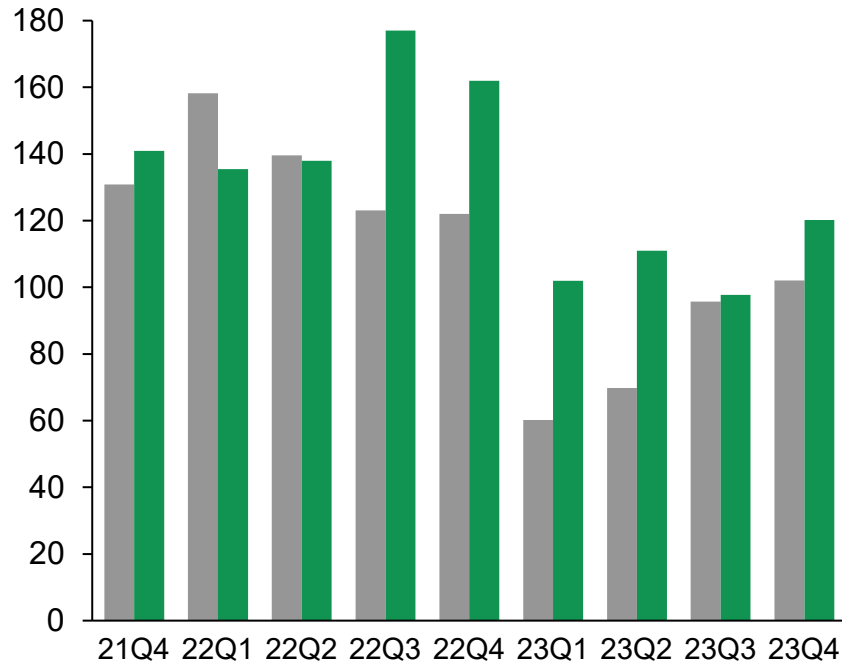
Profit ratio



Machinery (Machine Tools) Order Trends

Trends in order amount and sales revenue

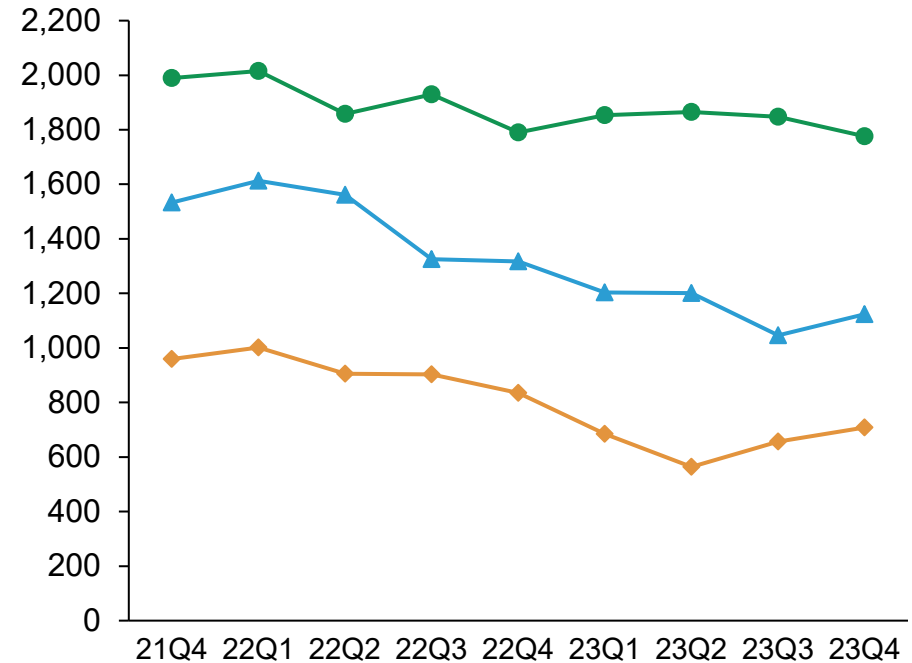
- Order amount
- Sales revenue



* 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

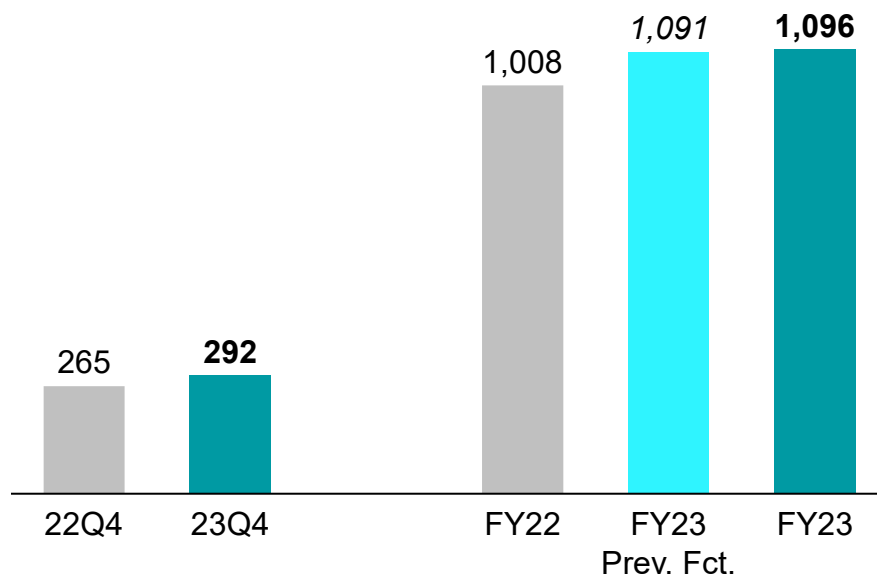
Sales Revenue & Profit

(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX
Sales revenue	265	292	10.1%	-0.3%
Americas	65	75	15.4%	2.8%
Europe	120	124	2.8%	-12.6%
Asia & others	70	85	22.7%	21.7%
Japan	10	8	-23.1%	-
Business segment profit	15	6	-59.6%	-
Operating profit	-98	-279	-	-

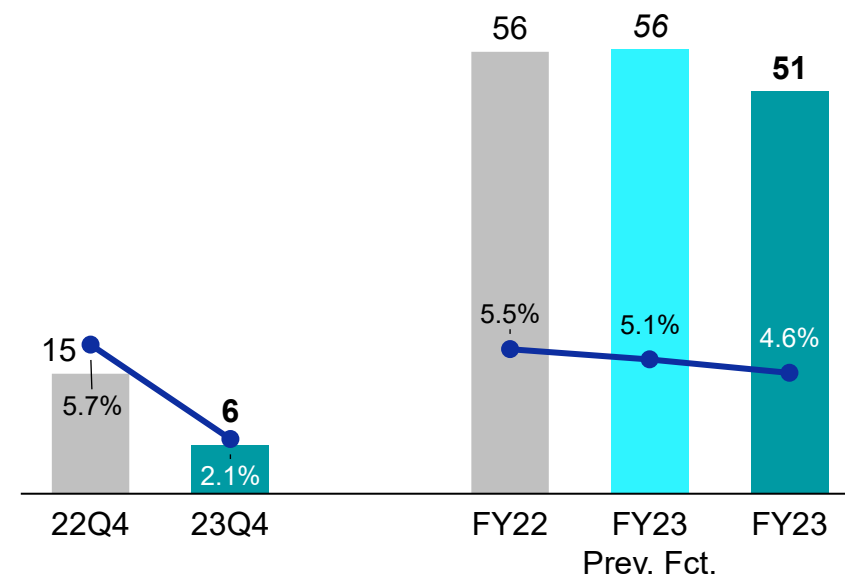
	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	1,008	1,091	1,096	8.7%	1.7%
Americas	243	275	281	15.9%	1.2%
Europe	437	471	469	7.4%	0.4%
Asia & others	288	306	310	7.9%	6.1%
Japan	41	39	36	-12.8%	-
Business segment profit	56	56	51	-9.0%	-
Operating profit	-58	55	-241	-	-

<Sales Revenue>



<Business Segment Profit>

● Profit ratio



Nissei

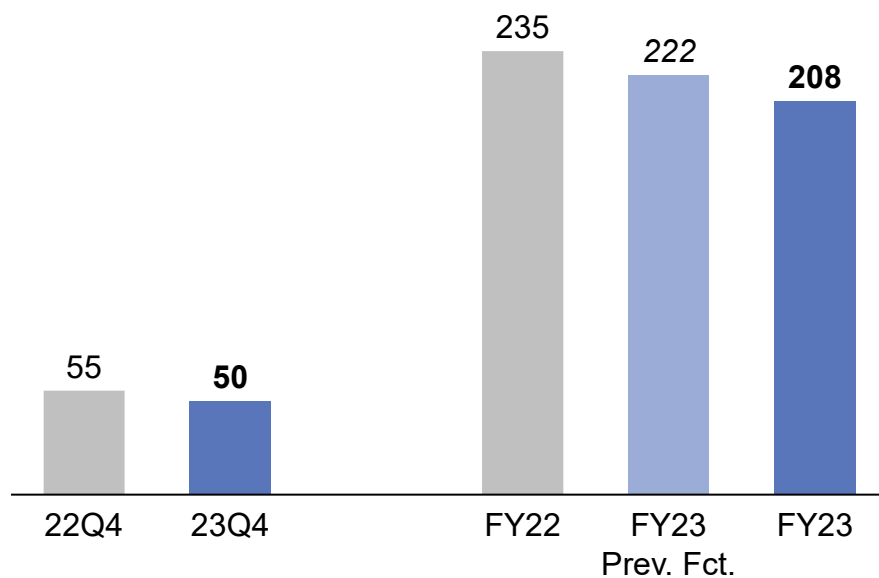
Sales Revenue & Profit

(100 Millions of Yen)

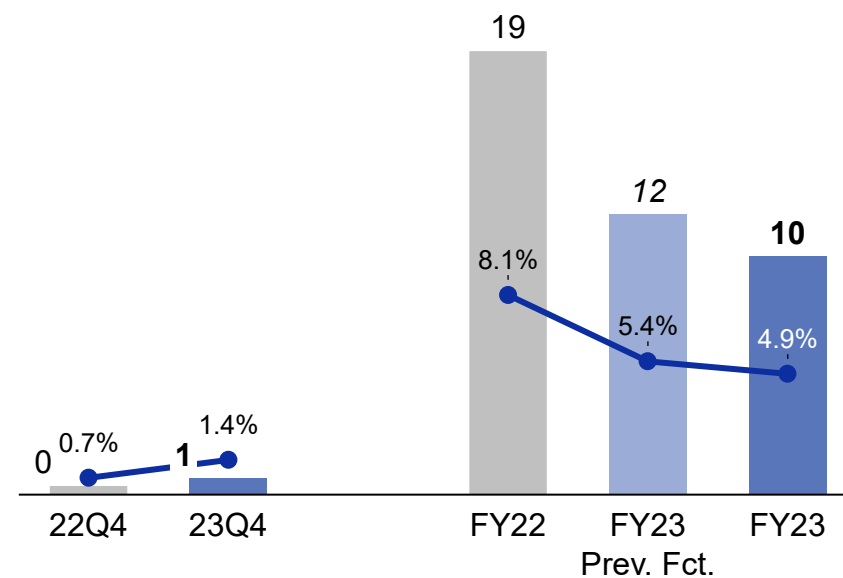
	22Q4	23Q4	Change	Change w/o FX
Sales revenue	55	50	-9.9%	-12.4%
Americas	9	9	-0.3%	-10.1%
Europe	-	-	-	-
Asia & others	7	7	-1.8%	-7.7%
Japan	39	33	-13.8%	-
Business segment profit	0	1	86.7%	-
Operating profit	-1	1	-	-

	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	235	222	208	-11.3%	-12.8%
Americas	38	37	33	-13.8%	-19.3%
Europe	-	-	-	-	-
Asia & others	37	36	35	-6.6%	-10.1%
Japan	160	149	141	-11.8%	-
Business segment profit	19	12	10	-46.4%	-
Operating profit	18	13	10	-45.5%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



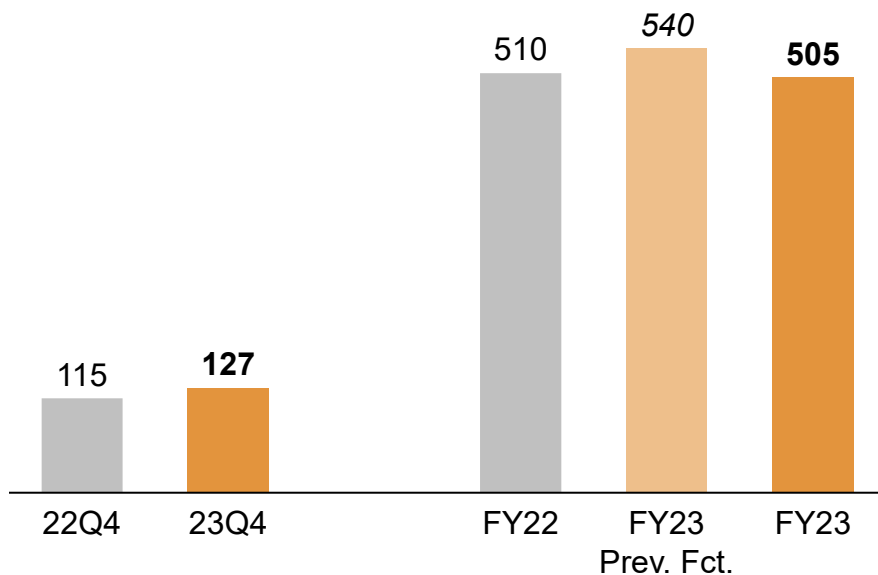
Personal & Home Sales Revenue & Profit

(100 Millions of Yen)

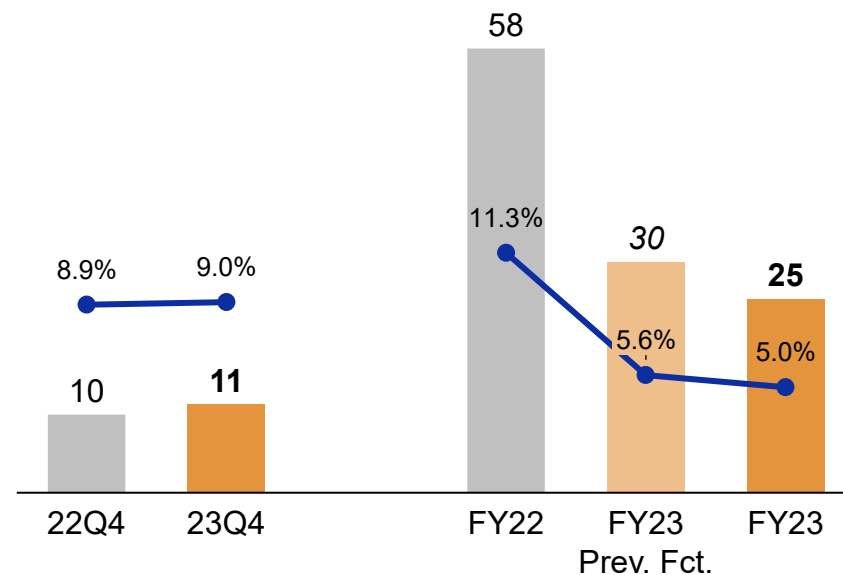
	22Q4	23Q4	Change	Change w/o FX
Sales revenue	115	127	11.2%	1.5%
Americas	71	75	5.5%	-4.4%
Europe	25	30	21.2%	7.9%
Asia & others	10	12	19.2%	11.7%
Japan	9	11	18.5%	-
Business segment profit	10	11	12.8%	-
Operating profit	10	12	23.9%	-

	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	510	540	505	-1.0%	-7.2%
Americas	316	335	300	-5.2%	-10.6%
Europe	112	122	126	12.0%	0.9%
Asia & others	52	54	51	-1.9%	-4.9%
Japan	29	29	28	-4.5%	-
Business segment profit	58	30	25	-56.5%	-
Operating profit	59	30	25	-57.6%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



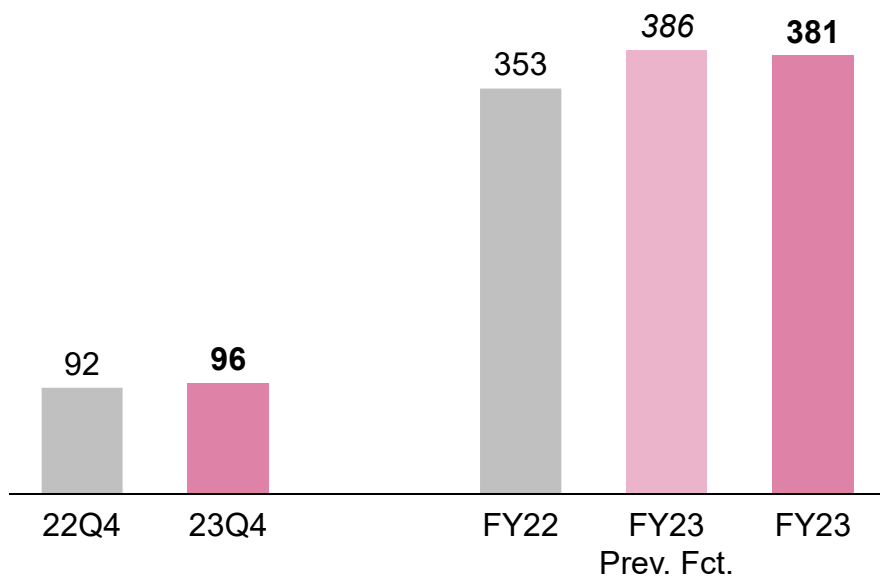
Network & Contents Sales Revenue & Profit

(100 Millions of Yen)

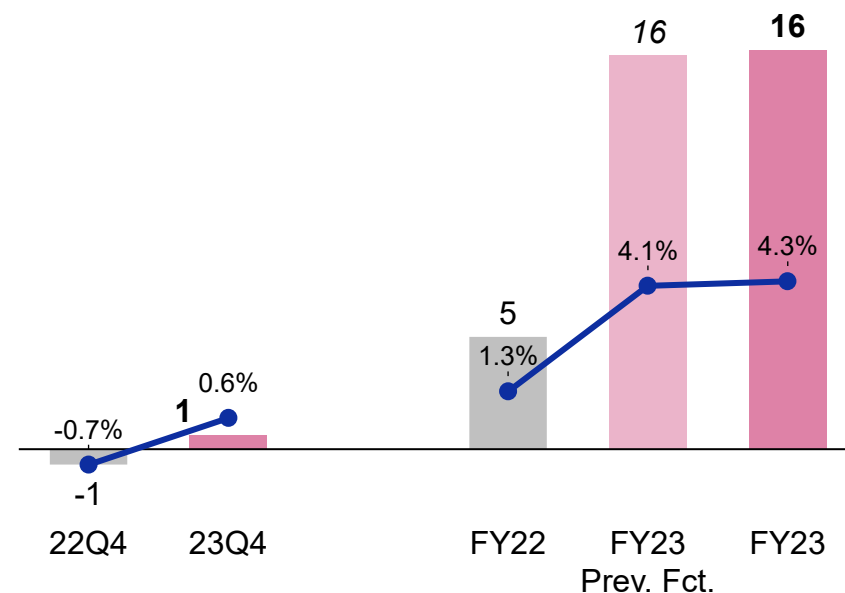
	22Q4	23Q4	Change
Sales revenue	92	96	4.2%
Business segment profit	-1	1	-
Operating profit	-2	-1	-

	FY22	FY23 Prev. Fct.	FY23	Change vs LY
Sales revenue	353	386	381	8.1%
Business segment profit	5	16	16	255.1%
Operating profit	8	16	17	103.7%

<Sales Revenue>



<Business Segment Profit> —●— Profit ratio



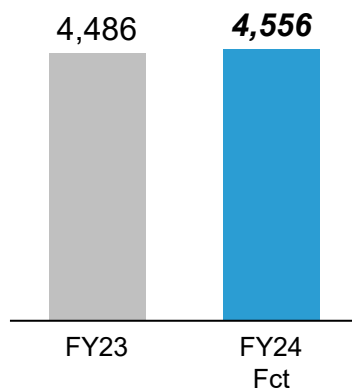
Business Segment Information (Forecast for FY2024)

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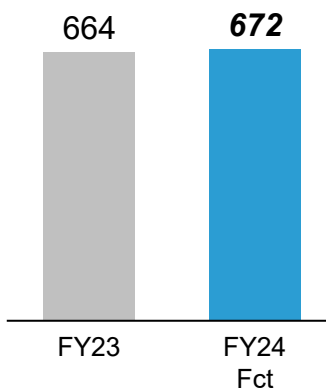
(100 Millions of Yen)

	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	5,149	5,228	1.5%	3.1%
Communications & Printing Equipment	4,486	4,556	1.6%	3.1%
Americas	1,742	1,778	2.1%	4.6%
Europe	1,449	1,434	-1.0%	0.4%
Asia & Others	866	892	3.0%	3.7%
Japan (includes OEM)	429	452	5.4%	5.4%
Labeling	664	672	1.2%	2.5%
Americas	304	303	-0.3%	1.4%
Europe	208	211	1.6%	2.9%
Asia & Others	104	106	1.6%	2.2%
Japan	48	52	8.6%	-
Business Segment Profit	625	604	-3.4%	-
Operating Profit	610	604	-1.0%	-

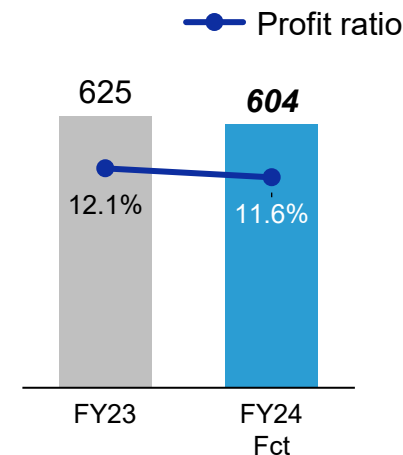
<Sales Revenue>

 Communications
& Printing Equipment


Labeling



<Business Segment Profit>



Machinery

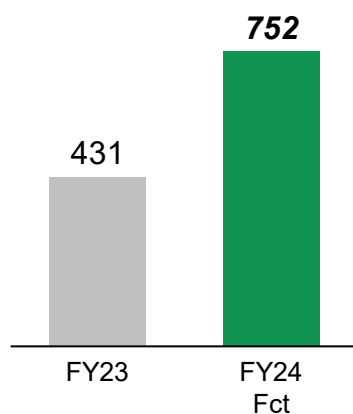
Sales Revenue & Profit

(100 Millions of Yen)

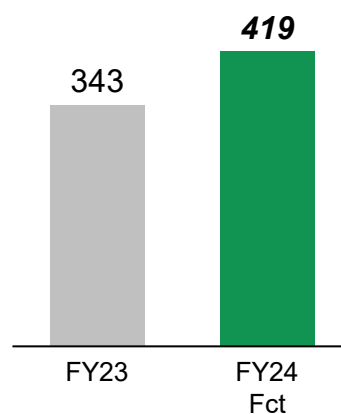
	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	774	1,171	51.3%	51.8%
Machine Tools	431	752	74.6%	74.8%
Americas	36	53	46.5%	-
Europe	32	47	50.3%	-
Asia & Others	244	485	98.8%	-
Japan	119	167	40.0%	-
Industrial Sewing Machines	343	419	22.2%	23.0%
Americas	114	137	20.1%	21.3%
Europe	74	97	31.1%	33.1%
Asia & Others	134	166	23.3%	23.3%
Japan	20	19	-6.1%	-
Business Segment Profit	22	127	473.8%	-
Operating Profit	23	127	451.9%	-

<Sales Revenue>

Machine Tools

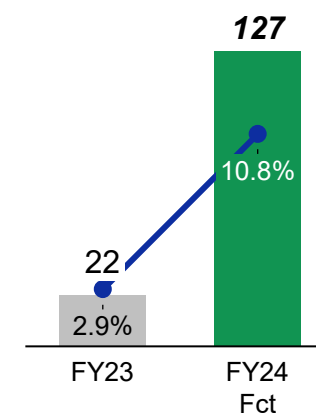


Industrial Sewing Machines



<Business Segment Profit>

Profit ratio



Domino / Nissei

Sales Revenue & Profit

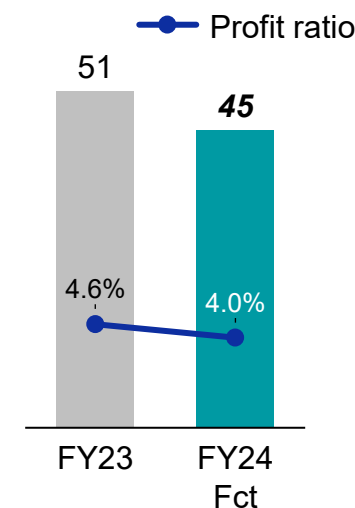
(100 Millions of Yen)

Domino	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	1,096	1,137	3.7%	4.7%
Americas	281	298	5.8%	5.8%
Europe	469	464	-1.1%	1.2%
Asia & Others	310	336	8.3%	8.3%
Japan	36	40	10.6%	-
Business Segment Profit	51	45	-11.3%	-
Operating Profit	-241	45	-118.7%	-

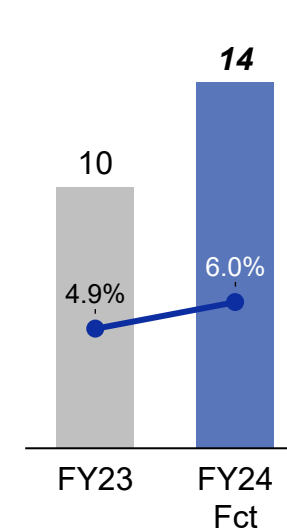
<Sales Revenue>



<Business Segment Profit>



Nissei	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	208	234	12.3%	12.4%
Americas	33	37	11.3%	11.4%
Europe	-	-	-	-
Asia & Others	35	38	8.3%	8.8%
Japan	141	160	13.6%	-
Business Segment Profit	10	14	37.3%	-
Operating Profit	10	14	41.2%	-



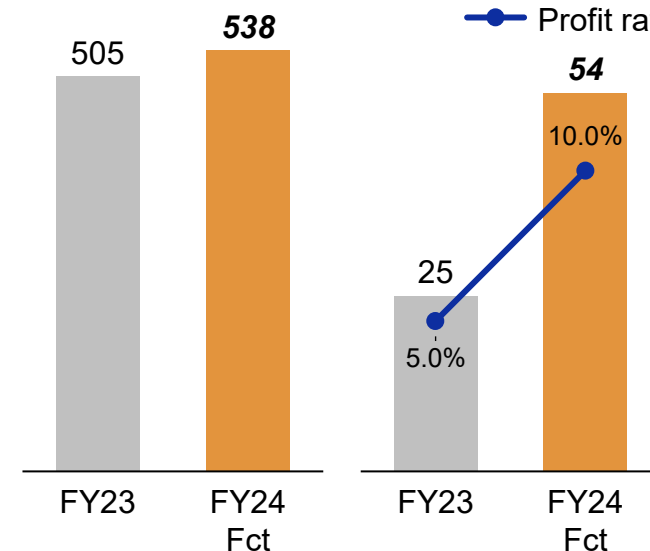
Personal & Home / Network & Contents Sales Revenue & Profit

(100 Millions of Yen)

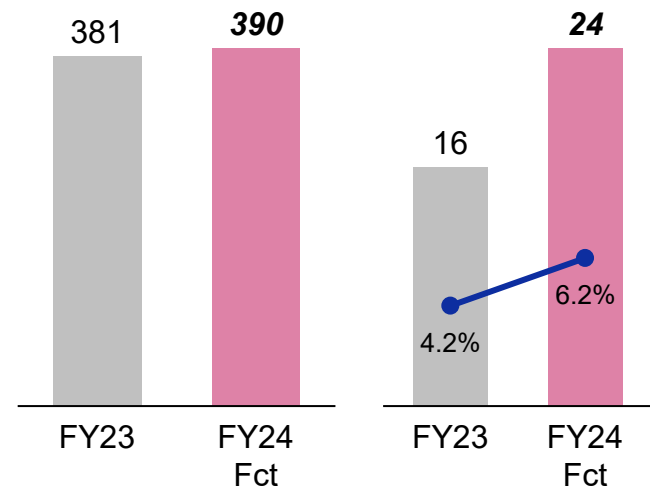
<Sales Revenue> <Business Segment Profit>

● Profit ratio

Personal & Home	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	505	538	6.6%	8.1%
Americas	300	329	9.6%	11.4%
Europe	126	126	0.2%	1.6%
Asia & Others	51	54	5.9%	6.8%
Japan	28	29	4.9%	-
Business Segment Profit	25	54	114.6%	-
Operating Profit	25	54	117.9%	-



Network & Contents	FY23	FY24 Forecast	Change vs LY
Sales Revenue	381	390	2.4%
Business Segment Profit	16	24	47.9%
Operating Profit	17	24	44.6%



Updates on the Medium-term Business Strategy

CS B2024

Take off towards our new future

May 9, 2024

Brother Industries, Ltd.

Ichiro Sasaki

Representative Director & President

Medium-term business strategy outline and progress

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Two years have passed since the medium-term business strategy (FY2022–2024) was formulated to achieve the 2030 vision; the current fiscal year is the final year.
We are working to transform our business portfolio and management foundation.

Brother Group Vision

At your side

2030

Our Purpose

By being “At your side,” we enable people’s productivity and creativity, contribute to society, and help protect the earth.

Our Approach

We identify and eliminate barriers to customers’ success by utilizing our unique technologies and global network.

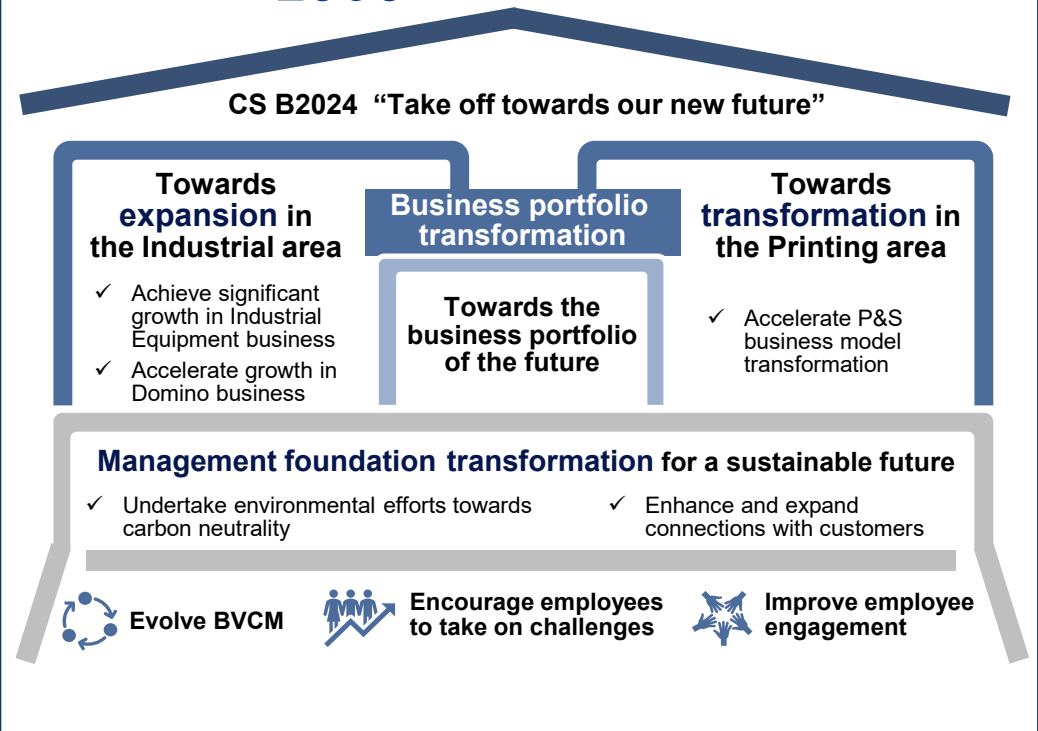
Our Focus Areas

- Industrial - Become a trusted, invaluable solutions partner.
- Printing - Continue leading print innovation and pioneering new offerings.

Medium-term business strategy

CS B2024

At your side
2030 Achieving the vision



Medium-term strategy “CS B2024” | Financial targets and values with exchange rate conversion

Yen (JPY) has depreciated rapidly since May 2022, when medium-term business strategy was announced; if original targets are converted to the current exchange rate level, sales revenue expands significantly but operating profit ratio and ROE remain almost the same

	CS B2024 financial targets [original]	CS B2024 financial targets [reference values with exchange rate conversion*1]
	Exchange rate assumption 1USD=108JPY / 1EUR=125JPY	Exchange rate assumption 1USD=145JPY / 1EUR=155JPY
Sales revenue	800 billion yen	954 billion yen
	Breakdown (Priority businesses) Industrial Equipment business: 100 billion yen Domino business: 100 billion yen P&S business: 430 billion yen	Breakdown (Priority businesses) Industrial Equipment business: 103.5 billion yen Domino business: 118 billion yen P&S business: 540 billion yen
Operating profit ratio (profit ratio for the period*2)	10.0% at least (7.0% at least)	Approx. 10% (approx. 7%)
ROE	10.0% at least (above capital cost)	Approx. 10%

*1: Reference values with exchange rate conversion are estimates based on the sensitivity of exchange rates to the JPY based on the latest estimates for FY2023 sales revenue/cost of sales/SG&A denominated in foreign currencies

*2: Profit for the period attributable to owners of the parent company (assuming a corporate tax rate of 30%)

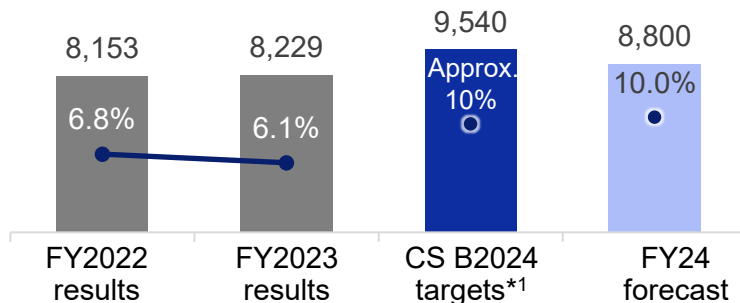
CS B2024 financial targets (values with exchange rate conversion) and FY2024 forecast

Aim to achieve operating profit ratio target despite the effects of deteriorating market conditions and delayed recovery on sales revenue, mainly in the Industrial Equipment business

Company-wide CS B2024 targets (values with exchange rate conversion) and FY2024 forecast

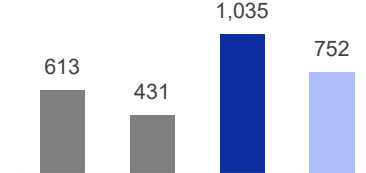
	CS B2024 financial targets*1	FY2024 forecast
Sales revenue	954 billion yen	880 billion yen
Operating profit ratio	Approx. 10%	10%
ROE	Approx. 10%	9.3%

Sales revenue & Operating profit ratio (100 Millions yen)



Sales revenue of priority businesses (100 Millions yen)

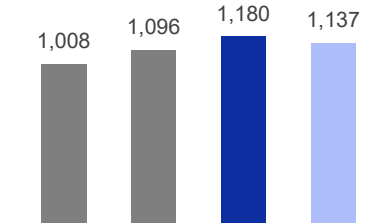
Industrial Equipment business



Struggled in FY2023 due to sluggish market conditions, especially in China

Steadily expand sales and service staff and launch new sites to capture demand when market recovers

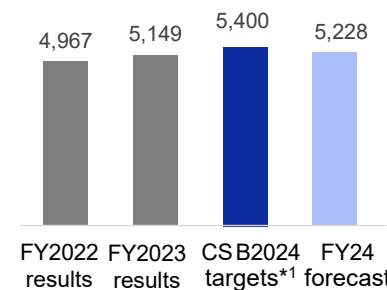
Domino business



DP didn't reach expected numbers but sales of C&M and consumables were steady

Maximize earnings from peripherals, consumables, and after-sales services

P&S business



Sales of product hardware were weak due to deteriorating market conditions, but sales of consumables were steady

Strengthen sales of hardware to increase MIF*2; Continue to strengthen "connecting" measures and Commercial & Industrial Labeling

*1: values with exchange rate conversion *2: Machine in Field: Number of hardware units installed

Towards business portfolio transformation

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Towards expansion in the Industrial area

Industrial equipment business | Enhancing product lineup

brother
at your side

Almost all lineups of machine tools have renewed since FY2022, when the medium-term strategy CS B2024 started; launched new Series U and H and expanded models supporting simultaneous 5-axis machining

➤ **Renewed from C00 control to D00 control**
(excluding Series F)

New ...New product launched since FY2022

5 AX ...Model capable of simultaneous 5-axis machining

S-series
Standard models
S300Xd1/S500Xd1/S700Xd1

W-series
For larger workpieces
W1000Xd2

R-series
Equipped with pallet changer
R450Xd1/R650Xd1

U-series
Multi-face machining
U500Xd1

F-series
High rigidity
F600X1

M-series
Multi-tasking machine
M200Xd1/M300Xd1

H-series
Horizontal machining center
H550Xd1

Peripherals

Rotary Table
T-200A/T-200Ad

Loading System
BV7-870Ad

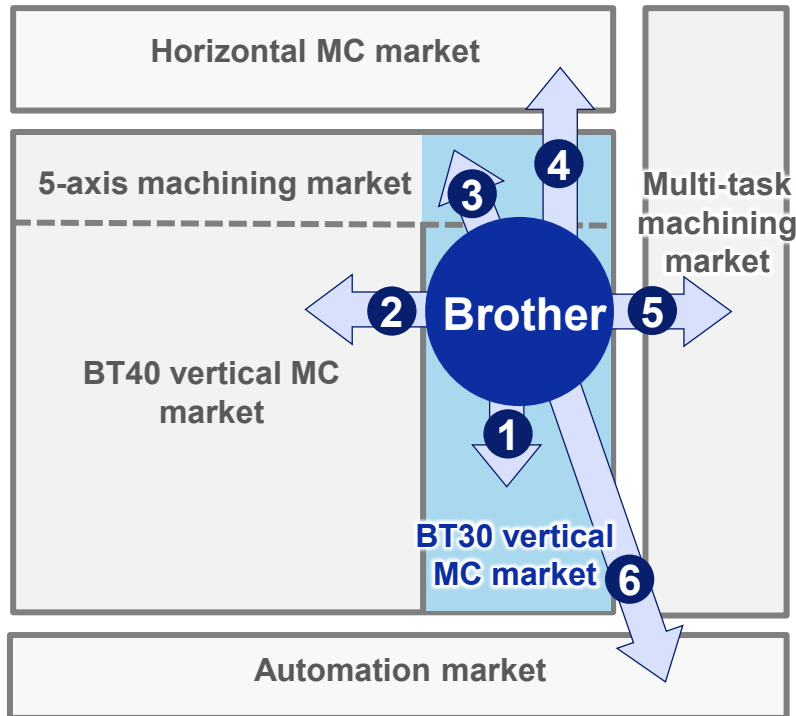
Towards expansion in the Industrial area

Industrial equipment business | Target market

Significant lineup enhancement and renewal, enabling machining of large workpieces and complex shapes; actively expand business into neighboring areas by providing value beyond the framework of BT30 vertical MC*1

Image of expanding reach market by enhancing product lineup*2

- Enhanced product lineup enables support for **large workpieces, complex shape machining, multi-task machining, and automation**



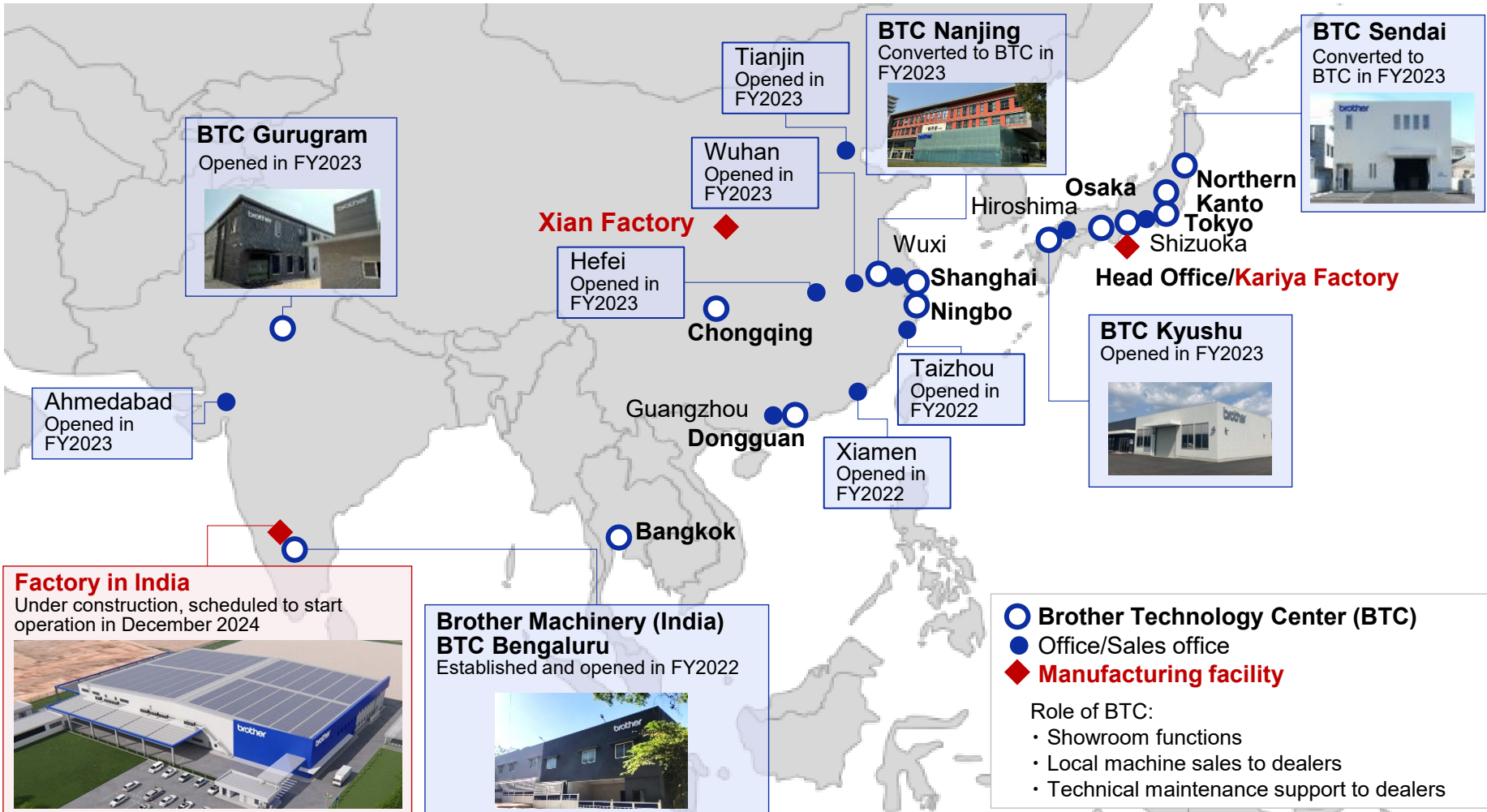
- 1** Expand lineup to increase market share in the BT30 market
- 2** Replace BT40 MC by introducing models for large workpieces such as the W-series and improving machining capabilities
- 3** Move towards 5-axis machining market with simultaneous 5-axis models capable of machining complex shapes
- 4** Launch the BT30 horizontal H-series to the horizontal MC market, which is dominated by the BT40 machines
- 5** Move towards the multi-task machining market by enhancing the M-series lineup equipped with lathe functions
- 6** Move towards the automation market by proposing solutions in combination with peripherals and robots

*1 Machining center *2 Does not represent actual market size

Towards expansion in the Industrial area

Industrial equipment business | Expanding manufacturing and sales facilities

Opened 5 Brother Technology Centers (BTCs) and 6 offices/sales offices in the priority areas of China, India, and Japan in FY2022–2023; new factory in India under construction to begin operation in December 2024



Continuous development and launch of new products and applications through collaboration between Domino and Brother

Gx Series cartridge type thermal inkjet printers

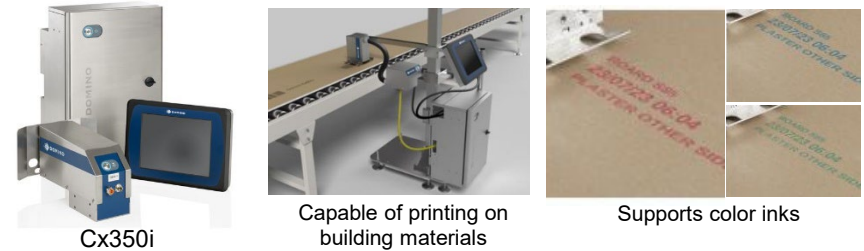


Capable of printing 2D barcodes and curved surfaces

[Printing applications] Food packaging, packing boxes, beverage and pharmaceutical containers

- Capable of **printing twice as wide** as conventional models; supports printing 2D barcodes
- Capable of printing on **curved surfaces such as the bottom of a can** by increasing the discharge distance
- Capable of **printing on industrial applications** such as cables

Cx350i large character inkjet printers



Cx350i

Capable of printing on building materials

Supports color inks

[Printing applications] Corrugated cardboard, building materials (plasterboard, wood)

- **High speed** and **long continuous printing time** compared to conventional models
- Supports **black/red/blue/green** inks
- Reduces environmental impact by utilizing **plant-derived oil-based inks**

Vx Series high-speed thermal printers

- Full model change in pursuit of even faster printing speeds
- Improved functionality and ease of use

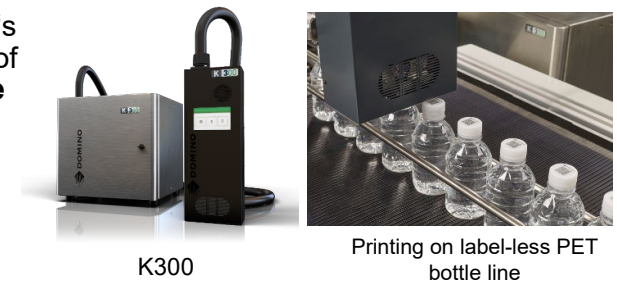


Vx150i

Coding expiration date and lot number

K300 Black-and-white digital printers

- Offers the world's first application of printing **variable information on label-less PET bottle caps**



K300

Printing on label-less PET bottle line

Towards expansion in the Industrial area

Domino business | Providing value throughout the manufacturing process

Focus on providing value throughout the customer's manufacturing process, from printing on individual products to packaging and shipping

■ Providing solutions with automation software and peripherals in addition to coding and marking equipment

Improving productivity and traceability by providing **automation software** that links **printing data to manufacturing ERP system**

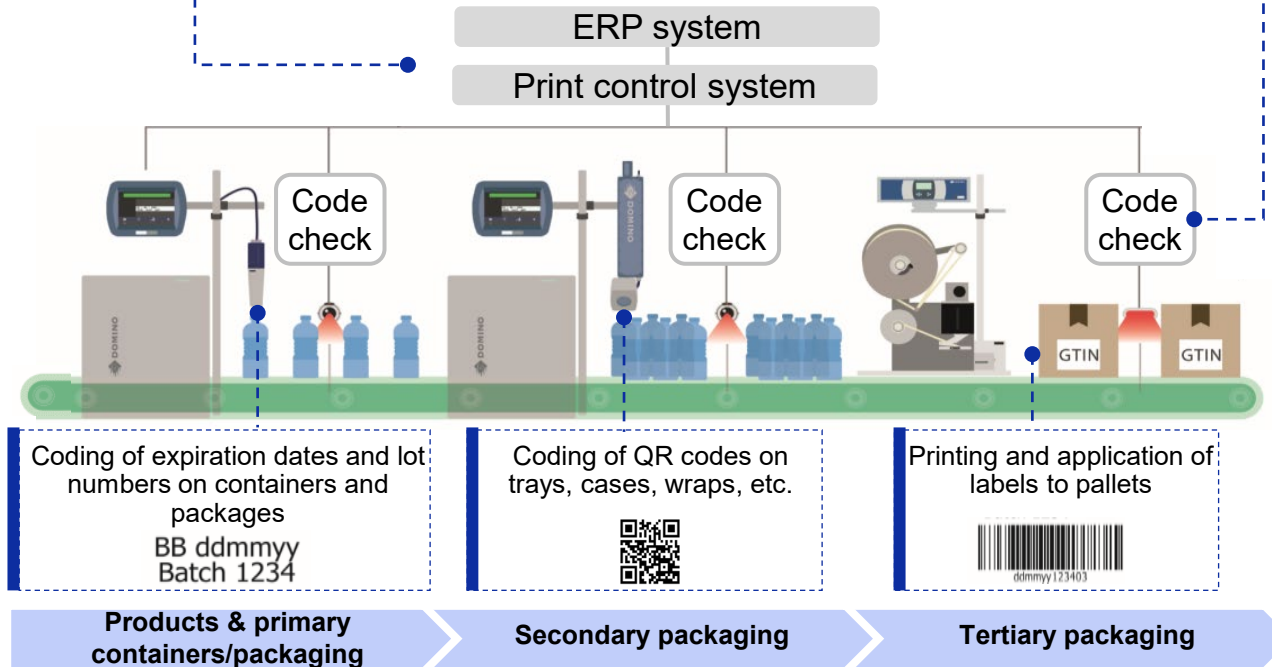


Domino Automation

Improving the reliability of printed content by using **scanning cameras** and **image inspection** device technology to scan **print results** and **automatically verify** if they have been printed correctly



R Series code inspection system



Towards transformation in the Printing area

Environmental awareness and measures

Response to changes in the printing market environment and enhance profitability by launching new products and reinforcing initiatives to connect with customers, targeting customers with high print volume as our main focus

Environment surrounding small all-in-ones and printers

Although the printing market is facing a difficult situation with a shrinking market, decreasing print volume, and lower genuine consumable ratio, the environment surrounding small machines has some advantageous aspects

Centralized printing
→ Decentralized printing

Establishment of home demand

Black-and-white → Color

Expansion of the ink tank market

Longer usage period for hardware (increase in MIF*1 residuals)

Measures

Hardware sales

Strengthen hardware sales targeting customers with high print volume and expand MIF to support future consumables sales

- Enhance measures for customers with high print volume in each market, including high-end models in developed countries and TCO*2 models such as ink tanks in emerging countries
- Launch competitive new products, including models with the fastest printing speed in their class, high-capacity toner, and high durability

Major new products from FY2022 onward

Color laser

For SMB



For SOHO



Black-and-white laser

For SMB



For SOHO



Inkjet

A3 model



Connecting

Support consumable sales by strengthening measures to connect with customers

→ See following section for details

*1: Machine in Field *2: Total Cost of Ownership

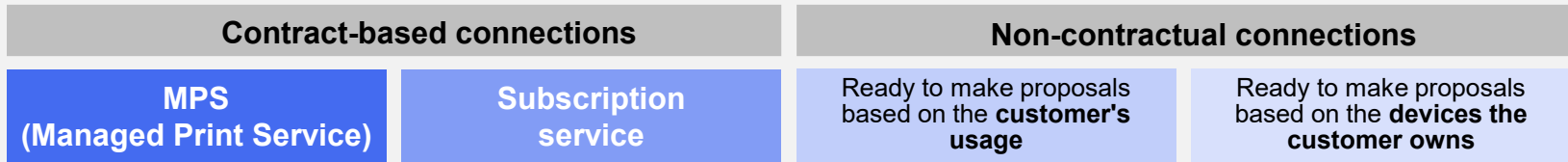
Towards transformation in the Printing area

What is “connecting”/Targets and progress

Shifting to a business model that connects with customers and offers mid- to long-term benefits for both customers and Brother

? 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**

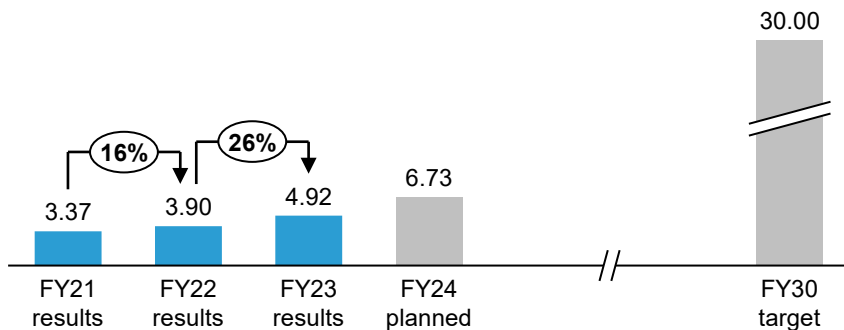


High ← Connection level → Low

- ✓ **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

Number of connections Targets and progress (M units)



Example of MPS in Europe (contract-based)

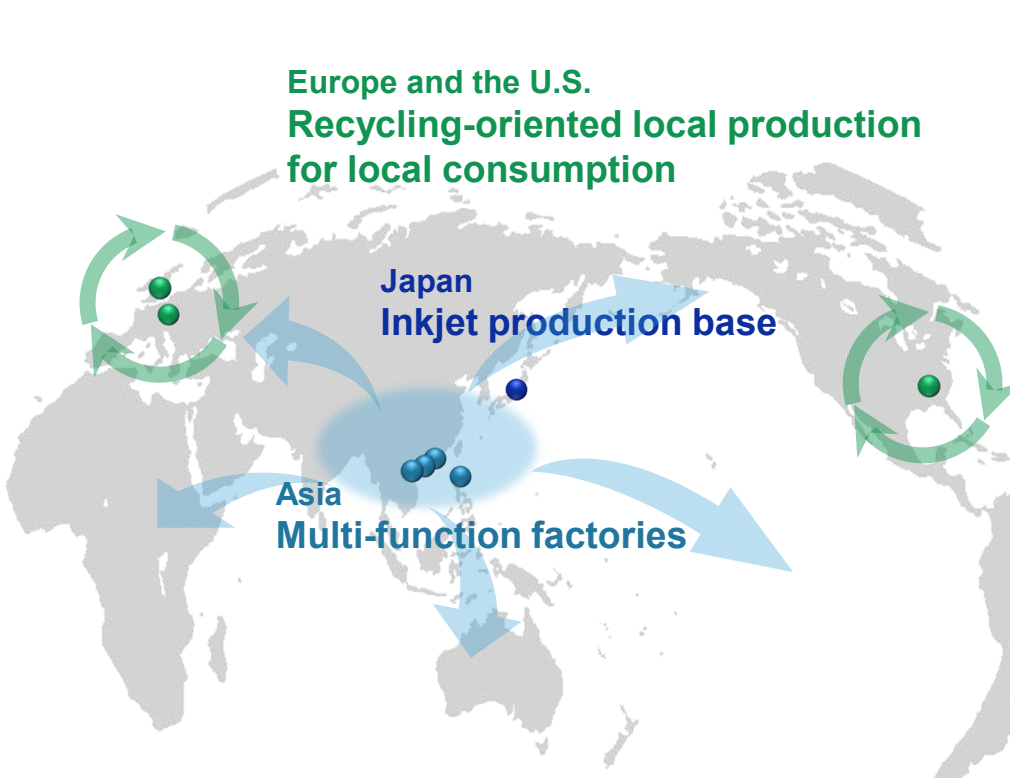
- Contracts through copier dealers and other channels to provide consumables and services on a pay-as-you-go (per sheet) basis
- Automatic delivery from Brother when consumables run low using Brother's platform

- ✓ **100% genuine consumable ratio for MPS subscribers**
- ✓ **Print volume is higher than conventional box-moving model**

Towards transformation in the Printing area

Global manufacturing system towards 2030

Aim to establish a system where the main production facilities in Asia pursue cost competitiveness and promote multiple functions, Europe and the U.S. focus on recycling-oriented local production for local consumption, and Japan serves as the inkjet production base



Asia:

Transform into multi-function factories

- High **cost competitiveness** for global markets
- **BCP** factories capable of producing inkjet, laser, and labeling products
- Factories with renewable energy and **energy-saving technology**

Europe and the U.S.:

Realize recycling-oriented local production for local consumption

- Recycling-oriented factories with a view to recycling not only consumables but also hardware
- BCP factories in the region through local production for local consumption of consumables

Japan:

Restructure inkjet production base

- Advanced and efficient production system for consumer/industrial core inkjet parts
- Integrated prototyping and production system for **industrial printing products**

Expand and enhance capabilities around inkjet manufacturing facilities

■ Completion of new factory building in the Philippines

- New factory building of Brother Industries (Philippines), Inc., which produces P&S products, completed in January 2024
- Investment: Approx. 9 billion yen (including solar panel installation)
- **Can respond flexibly to changes in the business environment as a multifunctional facility**

Enhanced production capacity

Flexible production of various P&S products

Supports BCPs through warehouse functions for parts and products

Uses renewable energy through solar panels



New factory building of Brother Industries (Philippines) (Factory No. 3)

■ Hoshizaki Factory to automate production of core inkjet parts

- New factory building at Hoshizaki Factory completed in January 2023
- Brother Group's first seismic isolation structure
- Aims to further improve production efficiency and quality by **consolidating the production of key parts** and **introducing automated production lines** as an inkjet production base



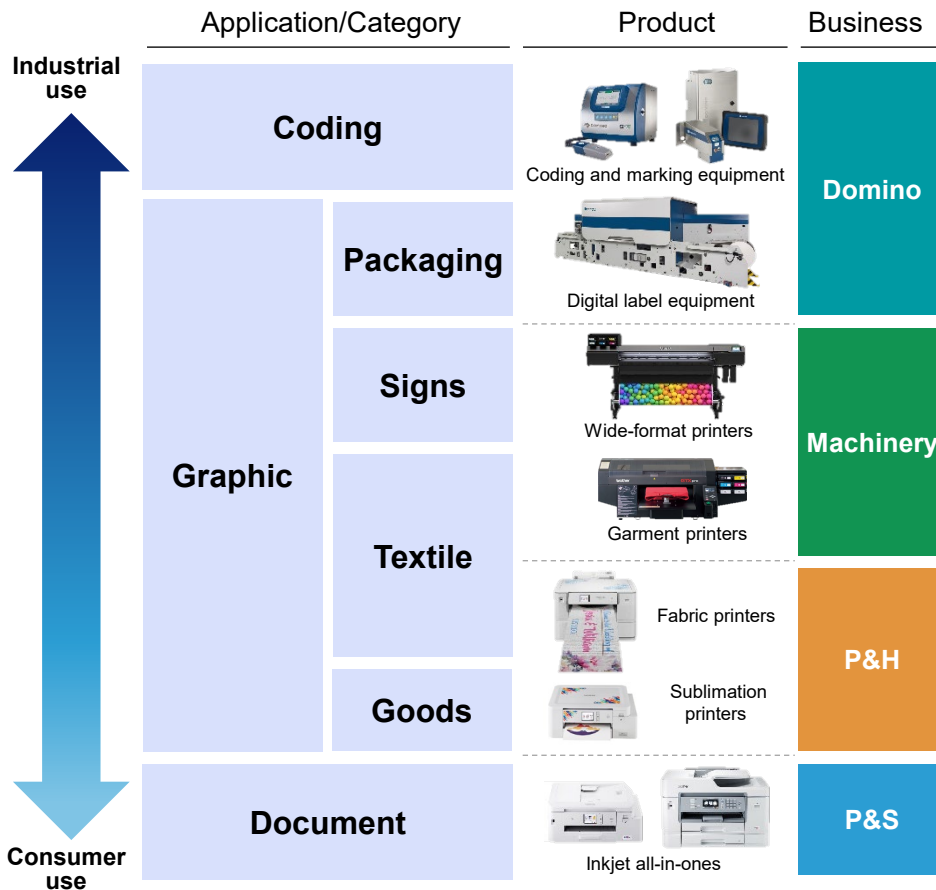
New factory building of Hoshizaki Factory (Factory No. 13)

Towards the business portfolio of the future

Expanding inkjet product line

Expand the value of inkjet product offerings not only in the P&S business, but also beyond business boundaries

Inkjet product line that extends beyond business boundaries



[News] Exhibition at FESPA* 2024

- Exhibited products including garment printers and wide-format printers in the Industrial Printing area, as well as office printers and fabric printers
- Proposed value through cross-selling by combining various products beyond business boundaries



*: One of the world's largest annual exhibitions for industrial printing and textiles in Europe, held in Amsterdam, the Netherlands from March 19-22, 2024

Aim to expand business into fuel cells and air conditioning equipment to provide new value that will help to address our materialities

■ Launched “ACUPS Series” hydrogen fuel cell/storage battery hybrid UPS

- **Backup power supply that hybridizes fuel cells** that generate electricity using hydrogen and oxygen from the air **and lithium-ion batteries** launched in October 2023
- **Adopted** as a backup power source for **runway facilities at Narita Airport**
- Brother's initiative to promote hydrogen utilization named “**PureEne**”; activities strengthened



ACUPS Series

PureEne

■ “Pure Drive PD3” spot cooler wins Energy Conservation Grand Prize

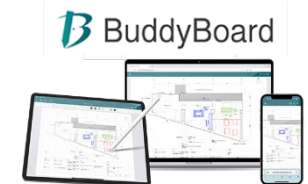
- Uses Brother's proprietary “TWIN AQUA” technology; a **CFC-free, exhaust heat-free** spot cooler with an exhaust air dry-bulb temperature below the ambient air temperature, achieving low power consumption that is about 1/5 that of an air conditioner system
- First win of the “**Agency for Natural Resources and Energy Commissioner's Award**” in the Product and Business Model Category of the “FY2023 **Energy Conservation Grand Prize**” sponsored by the Energy Conservation Center, Japan



Award-winning product (right) and installation example (left)

■ Launched paid version of “BuddyBoard” note-taking app that can be used by teams

- An iPad handwritten note-taking app that enables **real-time sharing of handwritten notes** and contributes to more efficient remote work
- Commercialized in 2021 as a result of the employees' new business proposal system and launched as a paid service for corporate customers in 2022



Management foundation transformation for a sustainable future

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Initiatives are underway in each of the three pillars of the DX strategy; approx. 80% of those who have completed the DX core human resource development curriculum are engaged in DX-related work

■ Three pillars of DX strategy and progress

- **Approx. 80% of those who have completed the DX core human resource development curriculum are engaged in DX-related work, including Business DX and Operational DX projects**

① Business DX

Business model transformation in each business

[FY23 Results] A total of 7 major projects in progress, including the following:

- Construction of a **1-to-1 marketing** structure to expand “connecting” measures in each business in progress

② Operational DX

Building a robust and sustainable supply chain Realization of connected, visible and never-stop factories

[FY23 Results] A total of 6 major projects in progress, including the following:

- **Visualization and centralization of global data on production, logistics, sales, and inventory**
- Establishment of **procurement and supply process for contingency stock parts**
- Creation of a **vendor tree** for visualization of procurement system in progress

③ DX Infrastructure Building

Thorough use of digital technology and human resource development

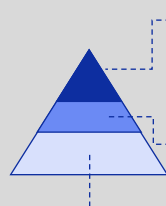
*Brother Industries

[FY2023 Results]

• Deploy global integrated data infrastructure

- ✓ Introduced an infrastructure system for centralized management and utilization of global data including Operational DX and Business DX
- ✓ Operation to be launched in phases from FY24

• Continue and strengthen DX human resource development*



DX Core Human Resources

- ✓ Expanded core human resources from 5 to 7 types
- ✓ 1st offering: 147 completed, 2nd offering: 96 currently enrolled

Leader of Digital Utilization Promotion

- ✓ 28 (FY22)/26 (FY23) employees participated in training
- ✓ Implemented for all departments of Brother Industries

All employees

- ✓ Approx. 3,000 employees (FY22)/new and mid-career employees (FY23) took basic training

• Promote operational efficiency through the use of generative AI*

- ✓ Began internal use of ChatGPT for general operations and Copilot for software development
- ✓ Established guidelines for external use

Formulated human resource policy and introduced a new HR system in FY2023 to encourage employees to take on challenges and improve employee engagement

*Brother Industries

■ Formulation of human resource policy and changes to core human resource system*

HR Policy

Support “true autonomy and effort” of employees, respect diversity, and properly reward achievements and contributions

Introduction of role-based grading system

New system replaces the previous position-based grading system, which placed importance on years of experience, with a **role-based grading system**, which places importance on the roles employees assume, to facilitate role assignment according to each employee’s ability and the optimal allocation of talents



Incremental extension of retirement age to 65

Retirement age to be incrementally shifted starting in FY2026 so that the **retirement age is 65** for employees who turn 60 in FY2029

■ Introduction of systems and implementation of measures to support diverse work styles*

New systems

- Flexible working hours system without core hours
- Internal multiple-job system
- Support system for using babysitters
- Fertility treatment leave/vacation system

Measures

- Implementation of ongoing program to develop female management candidates
- Implementation of programs to promote understanding of health and nursing care

➤ Selected as a “2024 KENKO Investment for Health” stock (for the fifth time, first in three years)



■ Implementation of employee engagement survey

- Began in FY2022 at Brother Industries and expanded to the entire Group in FY2023; plans are in place to continue the survey in the future
- Analyze survey results at each facility and implement measures to improve engagement, with good practices planned to be deployed across the Group

Materiality and sustainability targets

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Materiality and sustainability targets

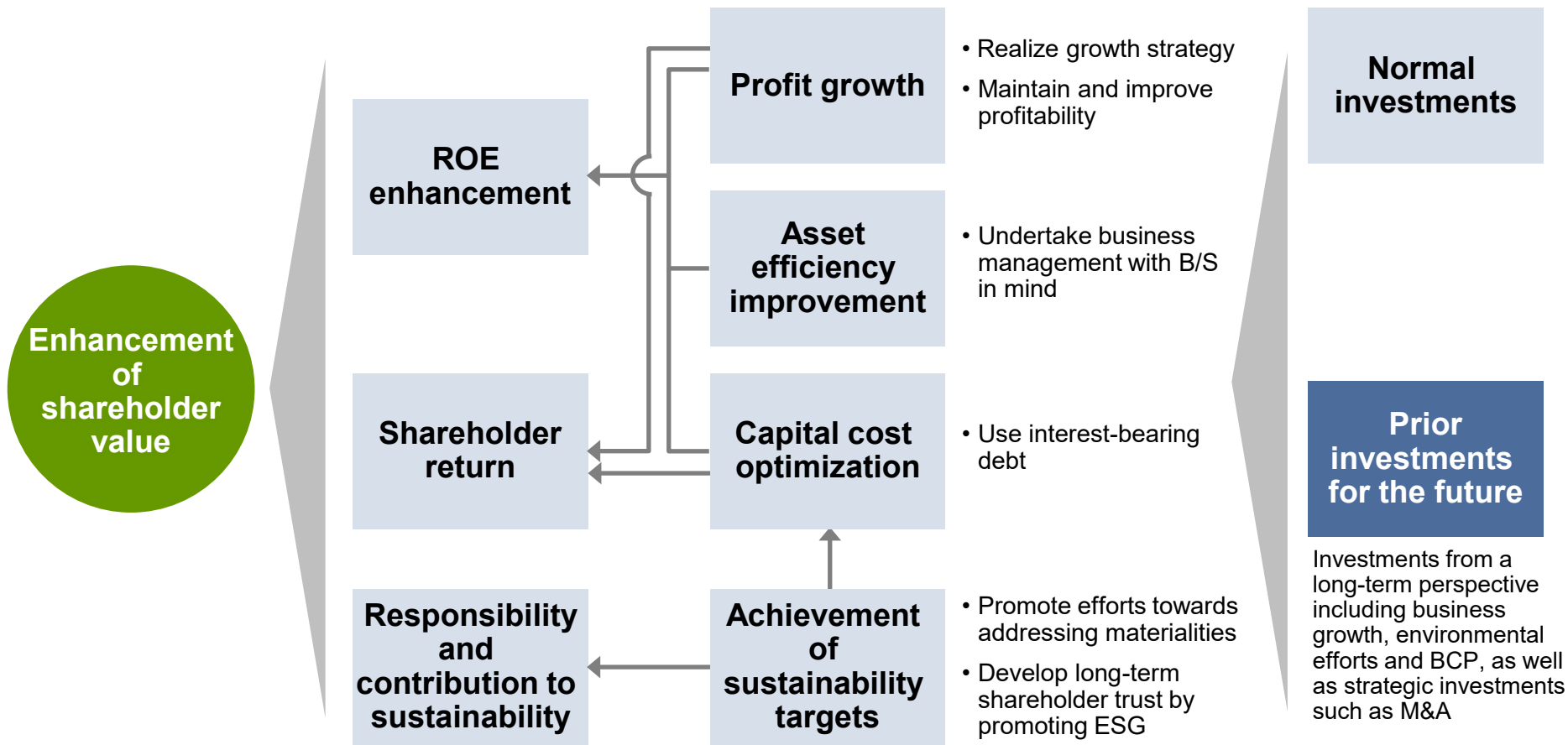
	Materiality	Targets for FY2024	Results	*Brother Industries, Ltd.
Contribute to society	Supporting People's value creation	<ul style="list-style-type: none"> In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing 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 10 new models in the SPEEDIO series, boasting high environmental performance and productivity, since FY2022 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"> Started an employee engagement survey at Brother Industries in FY2022; expanded survey scope to the entire Group in FY2023 Promoted the development of core human resources and implemented succession plans based on the identified current status of HR measures and issues at major facilities outside Japan Added/revised human resource systems to achieve more flexible work styles* Continued to implement Program to Develop Female Management Candidates* Implemented programs to promote understanding of health and nursing care to promote diverse work styles* 	
	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 and ensured its effectiveness Continued to conduct surveys for responsible mineral procurement Following the RBA Gold Certification at the Vietnam Factory of P&S in FY2022, the Shenzhen Factory in China and Philippine Factory of P&S acquired RBA Platinum Certification in FY2023, achieving the target ahead of schedule Furthermore, the Hoshizaki Factory also acquired RBA Platinum Certification in FY2024 	
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 FY2023 [Scope] Implemented measures centered on improving energy efficiency of new products as planned, and consider additional measures for FY2024 	
	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 FY2023 by implementing measures such as using recycled materials in some products and changing to recyclable cushioning materials 	

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



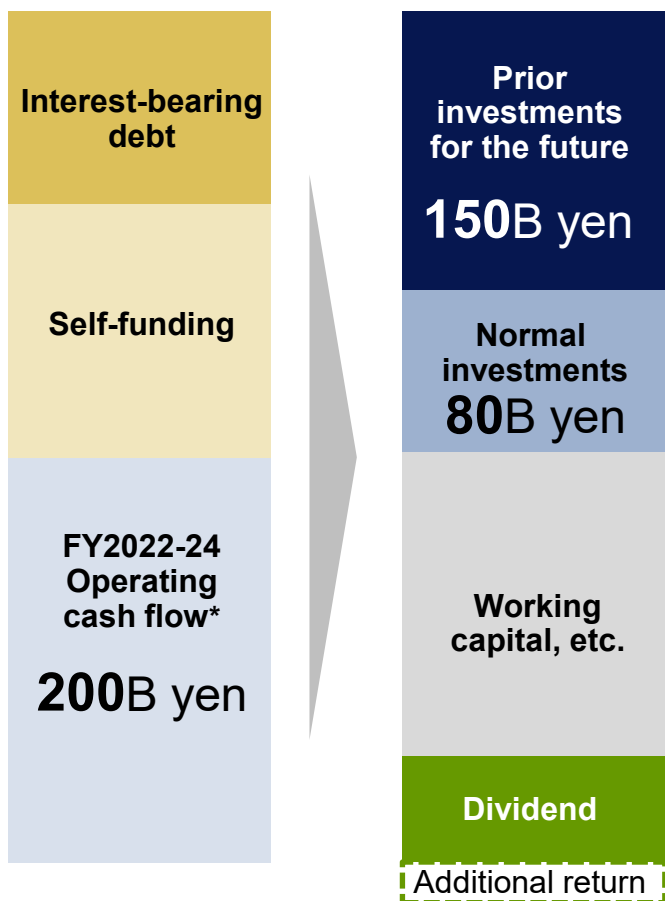
Financial policy

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.
We plan to invest a total of 230 billion yen, including normal investments

Cash allocation

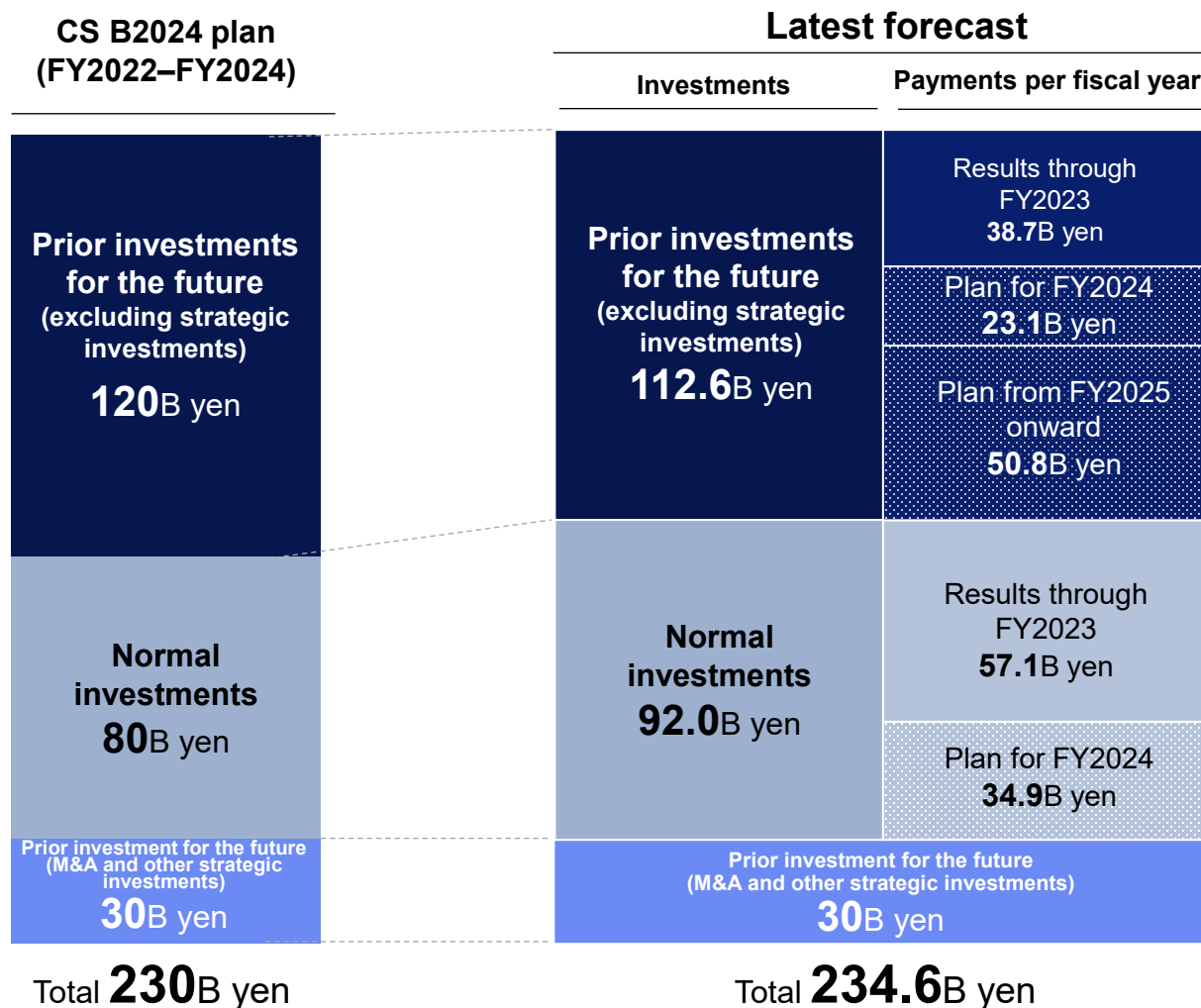


* Excluding lease obligation payments

Prior investments for the future

	Theme	Main items	Amount
Business portfolio transformation	Towards expansion in the Industrial 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 transformation in the Printing area		
	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	<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
	Enhance and expand connections with customers		
	Total		150B yen







Although the investment plan for CS B2024 is decision-based and therefore the timing of payments may fall outside the medium-term business strategy period, progress is generally in line with the plan, excluding strategic investments such as M&A



Financial policy

Prior investments for the future

Progress mainly in capital investment as prior investment for the future

	Details	Status at the end of FY2023	Purpose and remarks	Total investment*	
Business portfolio transformation	New factory building in Hoshizaki		Completed/operating	<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		Completed/operating	<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		Under construction	<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. 2.5 billion yen
	Nissei New factory building		Completed	<ul style="list-style-type: none"> Increase gear production capacity to expand sales for FA and robot applications 	Approx. 1.6 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. 4.5 billion yen
Management foundation transformation for a sustainable future	Mizuho Factory New building		Under construction	<ul style="list-style-type: none"> Installation of energy-saving equipment, solar panels, and greenery on the premises as the Brother Group's flagship facility for environmental responsiveness Aiming to create new technologies and businesses through active communication 	Approx. 45 billion yen
	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. 	Approx. 1.5 billion yen
	Reformation of ERP system		Completed	<ul style="list-style-type: none"> Reformation of ERP system and business processes as DX investments at the Company, subsidiaries in Asia, and regional headquarters in Americas 	Approx. 3.0 billion yen

*Includes investments outside of FY2022–FY2024

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

Topic	Present	Policy
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
ROI index	<p><u>5-year* average: 8.1%</u></p> <ul style="list-style-type: none"> - Exceeds or equals cost of equity 	<ul style="list-style-type: none"> ✓ Basic policy of soundly increasing ROE through business growth ✓ Aim to achieve ROE of 10% or more above cost of capital over the medium to long term
Shareholder return	<p><u>Dividend per share, FY2022: 68 yen</u> <u>FY2023: 84 yen (planned)</u> <u>FY2024: 100 yen (planned)</u></p> <ul style="list-style-type: none"> - Plan to increase dividend depending on factors such as business performance 	<ul style="list-style-type: none"> ✓ Provide stable and continuous shareholder returns ✓ Consider additional shareholder returns depending on factors such as business performance, and flexibly carry out repurchase of our own shares
Market valuation	<p><u>P/B ratio 5-year* average: 1.05x</u> <u>Most recent: 1.08x</u></p> <ul style="list-style-type: none"> - Recent P/B ratio over 1x due to recovery in performance 	<ul style="list-style-type: none"> ✓ Aiming to continuously increase shareholder value in accordance with the CS B2024 financial policy ✓ Aim for further improvement of P/B ratio by improving profitability and promoting business portfolio transformation through continuous growth investment

*From FY2019 to FY2023

brother
at your side

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			