

Updates on the
Medium-term Business Strategy

CS B2024

Take off towards our new future

Brother Industries, Ltd.
May 8, 2023

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In FY2022, the Brother Group launched its medium-term business strategy "CS B2024" to achieve the Brother Group Vision "At your side 2030."

"CS B2024" sets forth the priority themes of Transformation of the Business Portfolio, including Expansion in the Industrial Area and Transformation in the Printing Area, as well as Management Foundation Transformation for a Sustainable Future.

I will now explain our progress in FY2022, the first fiscal year of "CS B2024," and the progress as of May 8, 2023.

■ Medium-Term Business Strategy "CS B2024" Explanatory Presentation

<https://global.brother/pub/com/en/news/2022/220511cs-b2024e-p.pdf>

Towards expansion in the Industrial area

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

| | | | |
|---|---|---|---|
| <p>Series S Standard models S300Xd1/S500Xd1/S700Xd1</p>  | <p>Series W For larger workpieces W1000Xd2</p>  | <p>Series R Built-in pallet changer R450Xd1/R650Xd1</p>  | <p>Series U New Multi-face machining U500Xd1</p>  |
| <p>Series F High rigidity F600X1</p>  | <p>Series M Multi-task machine M200Xd1/M300Xd1</p>  | <p>Series H New Horizontal machining center H550Xd1</p>  | <p>Peripherals</p> <p>Rotary Table T-200A/T-200Ad</p> <p>Loading System BV7-870Ad</p>  |

Brother specializes in compact #30 machine tools and offers its lineup under the SPEEDIO brand.

From FY2022 onward, we have developed and launched Series U, a new category capable of multi-face machining, and Series H, Brother's first horizontal machining center.

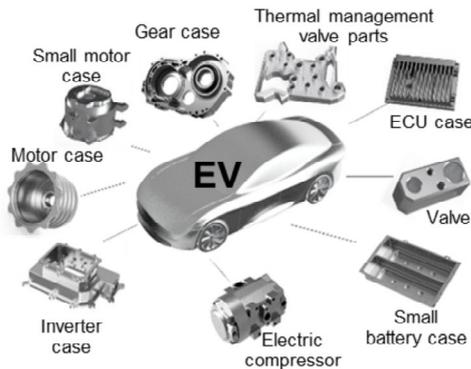
Apart from these new series, we have also brought changes to other models, releasing a total of 10 new machine tools during the past year, and expanding the SPEEDIO lineup to 11 models in 7 series.

The broad product lineup, including the peripherals, meets the various machining needs of our customers.

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

With the shift to EVs in the automotive market in recent years, the machining needs for EV-related parts are growing significantly in the machine tool industry as well.

New demands are being created by the increasing number of lightweight aluminum parts and large parts such as motor cases, as well as the diversification of machined parts.

Brother's machine tools have strength in aluminum machining, thus the shift to EVs can be considered favorable, and we are enhancing both the product strength and product lineup to meet the machining needs for EV parts, which are becoming more and more complex.

The U500Xd1 in the new series is equipped with a large tilting rotary table for machining large parts and multiple surfaces.

Brother's first horizontal machining center, the H550Xd1, features a horizontal spindle to provide a large machining area, enabling the machining of large parts.

In addition, existing models in the lineup have undergone an upgrade to increase the scope of machining capability and product strength.

■ Product introduction of the Series U

<https://machinetool.global.brother/en-ap/u500xd1/index.aspx>

■ Product introduction of the Series H

<https://machinetool.global.brother/en-eu/h550xd1/index.aspx>

■ Machining process using the Series H (link to Brother's channel on YouTube)

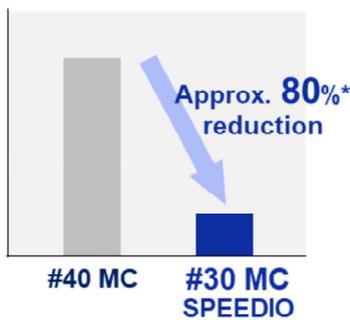
<https://www.youtube.com/watch?v=ghUFHlvifwM>

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

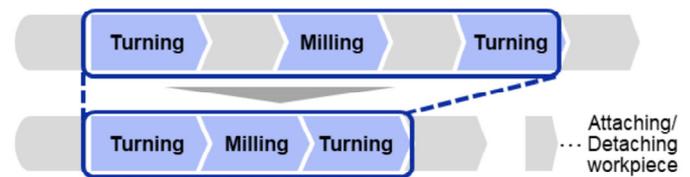


Multi-face machining center U500Xd1



Loading system BV7-870Ad

Image of processes integration with the multi-task machining center



Brother's #30 machining centers can reduce power consumption per cycle by approximately 80% compared to #40 machining centers, thanks to their compact size and low power consumption, as well as their high productivity that allows machining operations to be completed in a shorter time.

With their high environmental performance, they will contribute to the reduction of CO₂ emissions and to achieving carbon neutrality at customers' production facilities.

In addition, the multi-task machining center, which can perform turning and milling in one machine, eliminates the need for attaching and detaching workpieces during the process, saving time and labor.

The new lineup, Series U, enables multi-face parts machining in a single setting, which reduces work time.

In addition, SPEEDIO offers a model with an increased number of tool magazines (28) and a special loading system that automatically loads and unloads machined parts, contributing to labor-saving and increased productivity through process integration and automation.

■ Environmental performance of SPEEDIO

<https://machinetool.global.brother/en-eu/environment/index.aspx>

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

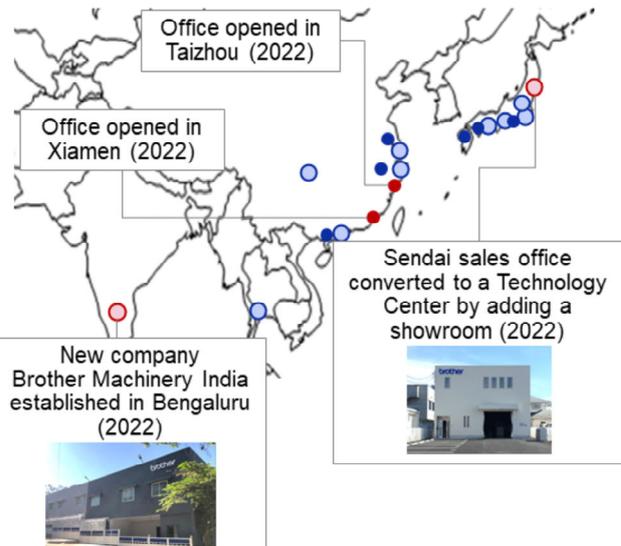
- Establishing a system to shorten the delivery time for customers in the **Indian market**, which is **expected to grow**
- Production is scheduled to begin in December 2024
- There will be 3 manufacturing facilities for machine tools: in Japan (Kariya), China (Xian), and India (Bengaluru suburb)



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



For substantial growth in the Industrial Equipment business, we are proceeding to establish and expand facilities in China, India, and Japan, which are our priority areas.

On the production side, we have decided to construct a new machine tool factory in India. The construction will be underway with the aim of starting production in December 2024.

On the sales side, in India, we have established a subsidiary, Brother Machinery India, to strengthen after-sales services and marketing activities.

We are working to strengthen our sales and service capabilities through the addition of a showroom to our Sendai sales office in Japan, which was converted into a Technology Center, as well as the opening of offices in Taizhou and Xiamen in China.

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

In the Digital Printing (DP) area of the Domino business, we have launched a digital label press equipped with a Brother inkjet printhead that achieves a high printing resolution of 1200 dpi and a high printing speed of 70 m per minute, which has been introduced in our customers' production facilities.

The model 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, in response to the increasing workload at production lines due to the growing trend of small-lot label printing.

In addition, the easy-to-use system reduces dependence on skilled workers and makes it easier to train successors, making the customer's business more sustainable.

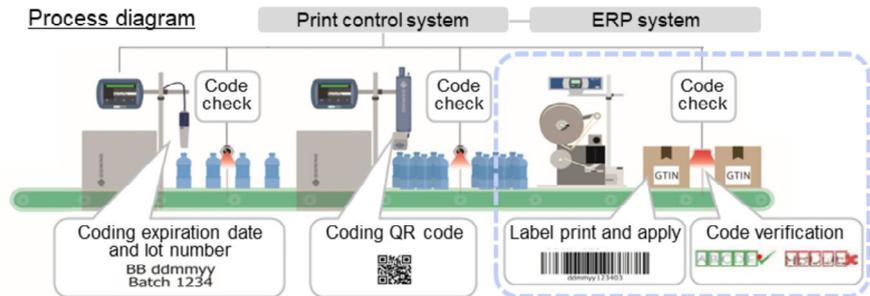
We are also actively engaged in sales and marketing activities, including the resumption of participation in exhibitions, which had been restricted due to the COVID-19 pandemic.

We will continue to contribute to our customer's profitability by improving their productivity and digitizing their production processes.

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



In the Coding & Marking (C&M) area of the Domino business, we offer coding and marking equipment that prints expiration dates, lot numbers, and other information on food items, beverages, pharmaceuticals, and other products, contributing to the safety and security they provide through traceability.

By linking coding data to ERP systems and automating all coding, marking, and code check processes from each product to the package, we are contributing to improved productivity and traceability.

In addition, the demand for the case labeling machine, which automates all process from printing, peeling to application of labels, is growing as a product that meets the needs for factory line automation and labor-saving.

In the C&M area, we aim to enhance customer value by strengthening our product lineup and to provide further solutions that achieve automation and labor-saving.

■ Video of the code check process (link to the Domino Printech India's channel on YouTube)

https://www.youtube.com/watch?v=Oh5qAMT7K_c

■ Video of Case Labeling M230i (link to the Domino website)

<https://www.domino-printing.com/en/products/m-series/m230i-tamp>

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

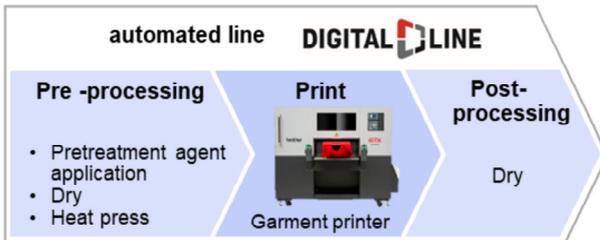


Image of the Digitalline automated garment printer line

■ 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



Latex wide-format printer WF1-L640

©SOTSU-SUNRISE

Here is the progress we have made in the Industrial Printing area that is not part of the Domino business.

We supervised and launched an automated line, Digitalline, as part of our efforts to strengthen the solutions we provide with garment printers, which is part of the Machinery business.

By automating the pre-processing, printing, and post-processing steps that used to be carried out by hand on T-shirts and other garment production lines, Digitalline contributes not only to labor-saving, but also to further improvements in quality and productivity.

Furthermore, we have developed a latex wide-format printer for sign and display applications such as outdoor advertisements and posters, a new industrial printing area for Brother.

Along with strengthening the product of garment printers and solutions, we aim to expand our business in the industrial printing area through the development of new products.

Towards transformation in the Printing area

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



*Compared with MFC-J6990CDW

■ **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

■ **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

In the Printing & Solutions (P&S) business, we offer a diverse range of products to meet the printing needs of our customers.

In FY2022, we launched a new A3 inkjet All-in-One product for business use.

Equipped with a newly developed inkjet printhead, it offers improved image quality as well as approximately 1.5 times faster printing speed and approximately twice the durability of previous models.

The lineup also includes models equipped with high-capacity ink cartridges and sub-tanks to reduce the time and effort required by customers to replace ink cartridges.

Ink tank models for emerging markets have seen a significant increase in sales as supply constraints have been eliminated.

As for new color laser All-in-Ones, we launched a high-end model that meets the needs of SMB and corporate customers for their business use.

Brother's first twin laser technology and new fixing technology were developed simultaneously to achieve high-speed printing, vivid color and glossy texture, and high reliability.

It also features enhanced functions such as sharing among multiple users and security features.

■ Brand Story of A3 inkjet All-in-One

<https://global.brother/en/digest/technology/maxidrive>

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

In the P&S business, we are moving away from the traditional box-moving business model to that of connecting with customers.

With "connecting" as the keyword, we aim to provide superior value by creating a situation where we can communicate directly with our customers, both contract-based and non-contractual businesses.

The contract-based businesses refer to services such as MPS and subscription services, while non-contractual businesses are those in which we are able to make proposals to customers based on their product usage and the equipment they own.

By "connecting" with customers, we can help reduce their TCO and the cost of purchasing consumables, and expect to increase profitability for Brother by improving the genuine consumable ratio.

It will also encourage the collection and recycling of products, which will contribute to sustainability.

In FY2022, we expanded our MPS services mainly in Europe for the SMB market, and for the SOHO market, we also launched a subscription service in Europe, which had been launched earlier in the U.S.

In China, we introduced a new business model for inkjet All-in-Ones in which users can charge and print the necessary number of copies via a mobile application.

We will accelerate the transformation of printing by simultaneously strengthening the product strength and profitability of the P&S business and transforming the business model.

**Management foundation transformation
for a sustainable future**

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

| | |
|--|--|
| <p>① Business DX</p> <p>Business model transformation in each business</p> <p>FY2022 Results</p> <ul style="list-style-type: none"> • P&S: Expanded subscription services • P&H: New craft content service launched in the U.S. • Garment Printer: Customized printing service launched in Japan | <p>② Operational DX</p> <p>Building a Robust and Sustainable Supply Chain Realization of Connected, Visible and Never-Stop Factories</p> <p>FY2022 Results</p> <ul style="list-style-type: none"> • 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 |
| <p>③ DX Infrastructure Building</p> <p>Thorough use of digital technology and human resource development</p> <p>FY2022 Results</p> <ul style="list-style-type: none"> • Completed pre-verification of global data integration infrastructure system • See below for DX human resource development | |

■ DX Human Resource Development (Brother Industries)

| | |
|--|--|
| | <p>DX Core Human Resources Driving business DX for each business as an expert in digital technology</p> <p>FY2022 results: A total of 161 employees were divided into 5 types of human capital and participated in the training</p> |
| | <p>Leader of Digital Utilization Promotion Driving the digitization and streamlining of operations in each department</p> <p>FY2022 results: 26 participants selected from each department attended the training</p> |
| | <p>All employees Having basic knowledge of DX and using it to digitize and streamline operations</p> <p>FY2022 Results: Approximately 3,000 employees have taken E-Learning</p> |

In FY2022, we advanced our DX initiatives as part of the management foundation transformation.

Brother's DX strategy consists of three pillars: "Business DX," "Operational DX," and "DX Infrastructure Building."

With "Business DX," we aim to transform the business models and business processes of each business through data analysis obtained by connecting with customers.

With "Operational DX," we are working on achieving a "Connected Factory," "Visible Factory," and "Never-Stop Factory" and to build a robust and sustainable supply chain as the top priority topics, based on the lessons learned from the supply chain disruptions caused by COVID-19 and geopolitical risks.

As part of "DX Infrastructure Building" to achieve these goals, we are building an infrastructure for data utilization and developing DX human resources.

At Brother Industries, Ltd., in addition to developing "DX core human resources" who will lead business DX in each business as digital technology experts and "leaders of digital utilization" who will lead the streamlining and digitization of operations in each department, we are also conducting training for all employees to acquire basic knowledge of DX.

Materiality and sustainability targets

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 continuously 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.

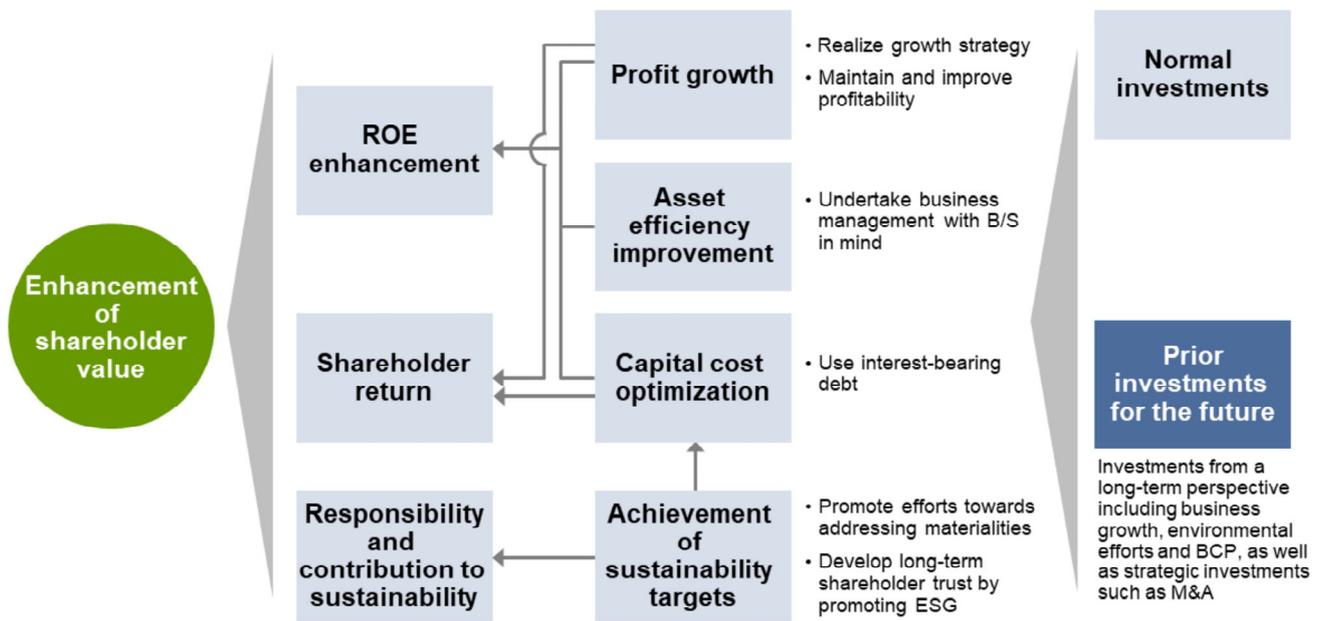
This slide is a summary of our FY2022 results related to our materiality and sustainability targets.

The Sustainability Committee (chaired by the President) established in FY2022 has been promoting these activities and is steadily making progress.

Financial policy

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

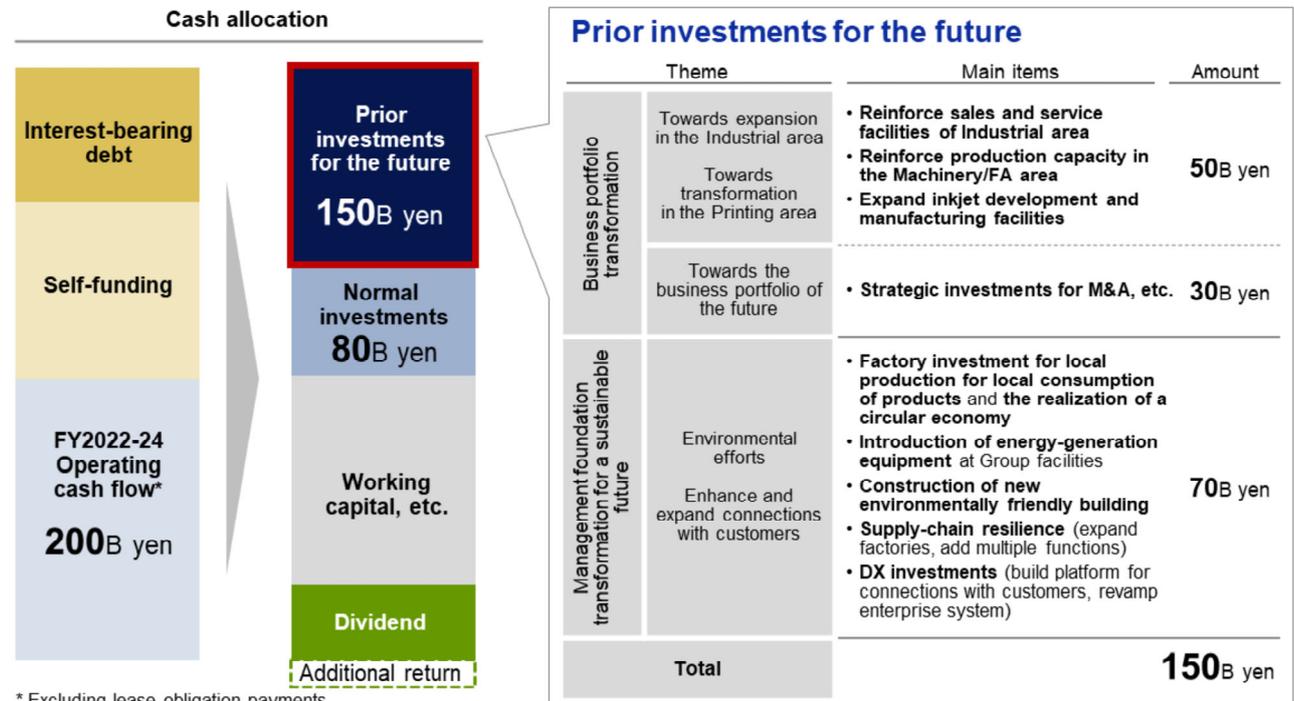
Overview of financial policy for enhancing shareholder value



This is a slide disclosed in the medium-term business strategy document.

While making "prior investments for the future," we aim to increase shareholder value by achieving profit growth, improving asset efficiency, optimizing capital costs, enhancing ROE, ensuring stable shareholder returns, as well as fulfilling our responsibility for sustainability.

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



* Excluding lease obligation payments

Here are the cash allocation and prior investment quota, as disclosed in the medium-term business strategy.

The Brother Group has set aside 150 billion yen over the three years of "CS B2024" as the quotas on the prior investment for the future and will steadily implement investments for the "business portfolio transformation" and "management foundation transformation."

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 |

This slide outlines the progress of prior investments.

Note that the total investments shown to the right include investments made not only in FY2022 but also in other fiscal years.

In FY2023, we will continue to actively make investments in product development, capital expenditures, DX, and other areas.

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.

Our view of "management with an awareness of cost of capital and stock price" and our future initiatives are as follows.

Capital cost

The current cost of equity is estimated around 7% to 10%.

It is calculated based on CAPM, but since it varies depending on the timing of calculation and different assumptions, it is taken as a range.

Going forward, we will continue to transform our business portfolio and reduce the cost of equity while also utilizing interest-bearing debt.

We will also provide stable and continuous shareholder returns.

ROI index

ROE has averaged 9.7% over the past five years, and we believe it exceeds or is at the same level as the cost of equity.

The target for FY2024, the final year of our medium-term business strategy "CS B2024," is an ROE of 10%, which is higher than the cost of capital, and we continuously aim to achieve a level of ROE maintaining an equity spread.

Market valuation

PBR has averaged 1.1 times in the past five years, but has remained at about 0.9 times in the recent past.

We will seek to improve PBR as early as possible by advancing business portfolio transformation through the improvement of profitability and continued growth investments.

In accordance with the financial policy of our medium-term business strategy "CS B2024," we will further promote the management of our operations with an awareness of the cost of capital and capital returns in order to meet the expectations of our stakeholders, achieve sustainable growth, and enhance our corporate value.

The image shows the Brother logo in a bold, blue, lowercase sans-serif font. Below the main logo, the tagline "at your side" is written in a smaller, blue, lowercase sans-serif font. The entire logo and tagline are centered within a large, empty rectangular frame that has a thin black border.

brother
at your side

We will create more opportunities to better communicate the Brother Group's initiatives.
Thank you for your continued support.

Reference: Brother's business areas

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