

March 3, 2025
Brother Industries, Ltd.

The Brother Group Announces Its Medium-Term Business Strategy, CS B2027

Brother Industries, Ltd. (Head Office: Nagoya; President: Kazufumi Ikeda) has formulated the Brother Group's medium-term business strategy, CS B2027 for the period from FY2025 to FY2027.

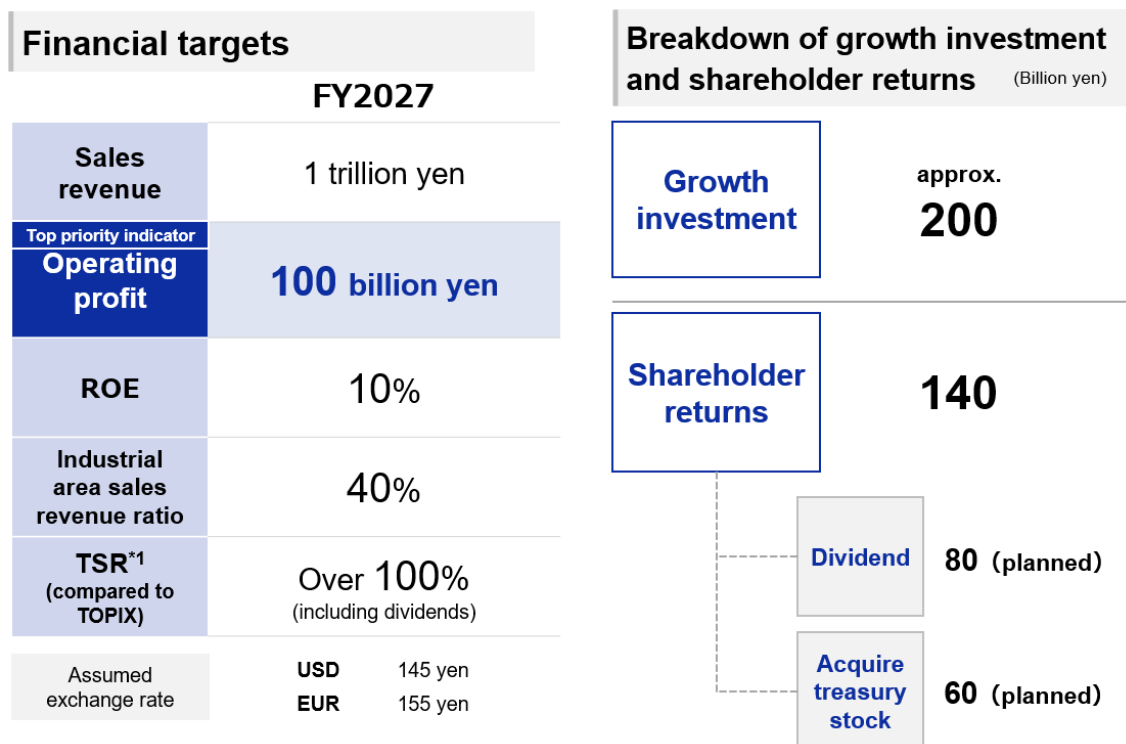


The Brother Group, under its group vision "At your side 2030" aimed for fiscal year 2030, defines its desired state as, "By being "At your side," we enable people's productivity and creativity, contribute to society, and help protect the earth. " Starting from this vision, the group indicates its methods of value provision and focus areas, striving for significant growth in industrial sectors and transformation in the printing domain. The mid-term strategy CS B2027, based on "**Creating our future. Boldly.**" was formulated to achieve the Brother Group Vision "At your side 2030". We will accelerate business portfolio transformation for the enhancement of our corporate value over the long term, improving profit-generating capabilities.

■ Outline of CS B2027

CS B2027 aims to achieve sales revenue of 1 trillion yen and an **operating profit of 100 billion yen**, with a target ROE of 10%, by clarifying the roles of each business and executing strategies based on key indicators set for each business. The strategy also aims to increase the Industrial area sales revenue ratio to over 40% and Implement management with a focus on capital cost and share prices, targeting a TSR*1 of 100% or more compared to TOPIX. **Over the three years, the group plans to execute growth investments of approximately 200 billion yen, focusing on M&A and alliances**, to drive growth in the industrial sector. Additionally, investments will be continued to strengthen the management foundation supporting these transformations.

Regarding shareholder returns, the group plans to significantly enhance returns, including the acquisition of 60 billion yen worth of treasury stock over three years, totaling 140 billion yen in returns.



To ensure the achievement of these goals, the following four key themes have been set:

Improvement of profit-generating capabilities by accelerating business portfolio transformation	
Clarification of the role of each business and investment policies	<ul style="list-style-type: none"> Clarify the role of each business and set key indicators. Focus investments on growth business. Secure management resources to continue the transformation of the printing business.
Solid execution of growth investments	<ul style="list-style-type: none"> Execute growth investments of approx. 200 billion yen. In particular, actively promote M&As and alliances, strengthening the foundation and organizational capabilities needed to achieve growth in the industrial area.
Enhancement of the management foundation	<ul style="list-style-type: none"> Integrate and strengthen inkjet technology and expand its applications to diverse fields. Strengthen talent in key areas. Strengthen the foundation that supports the Brother Group's sustainable future.
Financial strategy to support growth and transformation	<ul style="list-style-type: none"> Implement management with a focus on capital cost and share prices to enhance TSR*1 and PBR. Significantly increase shareholder returns, plan to implement 140 billion yen in returns. (including 60 billion yen for the plan to repurchase of our own shares)

■ Business-specific strategies

The Brother Group will classify its businesses into four categories, clarifying the role and key performance indicators for each. Investments and resources will be allocated according to these roles, and each business will execute strategies based on the key performance indicators to achieve the goals of CS B2027.

	Businesses	Roles
Growth business	Industrial Equipment	Achieve discontinuous sales revenue growth through growth investments to establish future business pillars.
	Industrial Printing [Domino / Printing & Automation]	
	New businesses	
Core business	P&S (Printing & Solutions)	Maximize sales revenue and operating profit while sustaining the company and driving business transformation for future opportunities.
	Communications and Printing Equipment / Home & Office Labeling Commercial & Industrial Labeling	
Profit-driven business	P&H(Personal & Home)	Contribute to overall company profit while maintaining a balance between sales revenue and operating profit.
	Nissei	
Profitability transformation business	Industrial Sewing Machines	Transform revenue structure to ensure steady profit contribution.
	N&C(Network & Contents)	

(1) Growth business

The Brother Group positions businesses it intends to grow significantly company-wide as growth businesses. This specifically includes the Industrial Equipment business, the Industrial Printing business (which includes the Domino business and the Printing & Automation business), and New businesses, as well as Commercial & Industrial Labeling within the Printing & Solutions business (the “P&S business”). The key indicator for these businesses over the next three years is sales revenue. The group will actively consider growth investments, including M&A, to achieve discontinuous growth and establish future businesses pillars. It will also prioritize the allocation of human resources to these businesses.

(2) Core business

The P&S Business, excluding Commercial & Industrial Labeling, aims to maximize sales and profit, positioning itself as a core business that supports the revenue base across the company. Investments will be made to further strengthen market positioning and transform business models. The key indicator for this business over the next three years will be the amount of operating profit.

(3) Profit-driven business

The Personal & Home business and Nissei business are positioned as profit-driven businesses, enhancing profitability while balancing sales and profits to contribute to the group's overall earnings. The key indicator for these businesses is the operating profit margin.

(4) Profitability transformation business

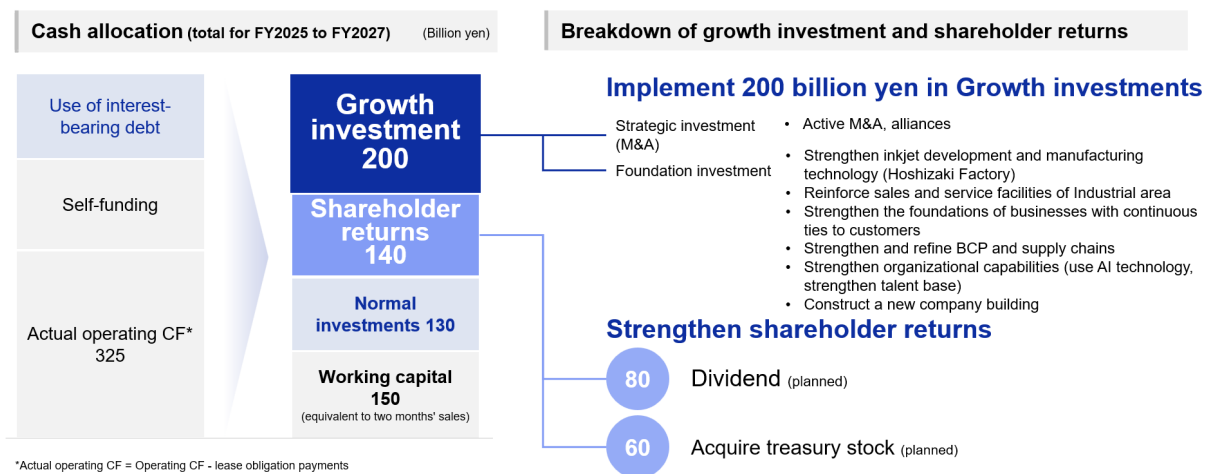
The Industrial Sewing Machines business and Network & Contents business are positioned as profitability transformation business, with a thorough review of profit structures to ensure stable profit generation. The key indicator for these businesses is the operating profit margin, with efforts to improve profitability.

■ Financial Strategy

The Brother Group will promote management conscious of capital costs and stock prices, continuously enhancing shareholder value and maximizing corporate value. Operating cash flow generated from business growth and interest-bearing debt will be used for growth investments and significantly strengthening shareholder returns.

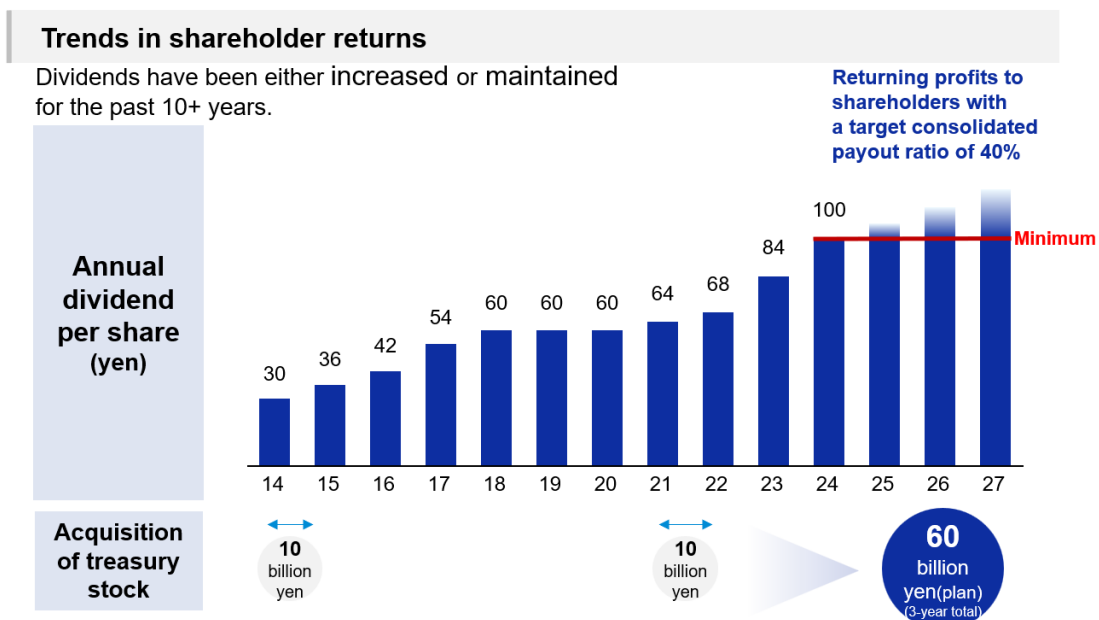
✓ Growth investment

We will execute growth investments of approximately 200 billion yen, focusing on M&A and alliances, targeting areas such as machinery and factory automation, industrial printing, commercial & Industrial labeling, and new businesses, to strengthen the foundation and organizational capabilities for industrial sector growth.



✓ Shareholder returns

Regarding dividends, we will provide a minimum annual dividend of 100 yen per share, aiming for a payout ratio of 40%. Following the previous trend of increasing and maintaining dividends, we plan to further strengthen our basic policy of stable and continuous shareholder returns. Additionally, we plan to repurchase a total of 60 billion yen of our own shares during the CS B2027 period. Furthermore, we will consider additional returns based on performance and other factors.



■ Future-financial targets

The Brother Group has set three materialities closely related to financial targets as future-financial targets and will promote activities accordingly.

Financial targets		Future-financial targets	
FY2027		Materiality	FY2027
Sales revenue	1 trillion yen	Supporting people's value creation Growth business Core business	Industrial Equipment
Top priority indicator Operating profit	100 billion yen		Industrial Printing
ROE	10%		P&S (Printing & Solutions)
Industrial area sales revenue ratio	40%	Empowering diverse people	Strengthen the talent portfolio in key areas
TSR*1 (compared to TOPIX)	Over 100% (including dividends)	Reducing CO₂ Emissions	Scope 1, 2
Assumed exchange rate	USD 145 yen EUR 155 yen		Scope 3

The theme of CS B2027 is "Creating our future. Boldly." This reflects the group's commitment to not settle for the status quo and to boldly pave the way for the future. Through CS B2027, the Brother Group will accelerate its business portfolio transformation, improve profit-generating capabilities, and enhance our corporate value over the long term.

*1 Total Shareholder Return (TSR)

An indicator that measures the overall return to investors (capital gains + dividends)

*2 Life Time Value (LTV)

Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services

*3 CO₂ emissions per unit of sales

An indicator showing CO₂ emissions relative to sales revenue

Formula: CO₂ emissions per unit of sales = CO₂ emissions / Sales revenue