The Brother Group Medium-Term Business Strategy “CS B2021”

We will build a base for growth “TOWARDS THE NEXT LEVEL.”

Background of Formulating CS B2021

In 2016, the Brother Group started the medium-term business strategy CS B2018 and executed three transformations: business, operational and talent, with a goal to transform the group to a multi-business enterprise from the printing-centric business structure. As a result, the Brother Group has achieved significant profitability enhancement in the printing area and sales growth in the industrial area.

However, the business environment surrounding the Brother Group will change significantly and become increasingly severe. In the printing area, in addition to the printing volume decrease owing to further digitalization, service needs diversification will keep accelerating amid drastic customer behavior changes from ownership to usage. In the industrial area, growing demands for labor-saving, automation, traceability, and customization are being observed. With these understandings, the Brother Group believes that it is essential to implement more in-depth transformation to achieve Global Vision 21, and thus, has formulated the new medium-term business strategy CS B2021.

Under CS B2021, the Brother Group will establish a firm ground “TOWARDS THE NEXT LEVEL” and implement transformation by focusing on our top management priorities and utilizing Brother’s strengths.

Positioning of CS B2021

<table>
<thead>
<tr>
<th>Year</th>
<th>CS B2018</th>
<th>CS B2021</th>
<th>Post-CS B2021</th>
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</thead>
<tbody>
<tr>
<td>~2018</td>
<td>Direct customer relationships are enhanced, and solid business foundation is formed to gain speed/cost advantage</td>
<td></td>
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<tr>
<td>2019</td>
<td>Growth platform is established in the industrial area to become the next core business</td>
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<tr>
<td>2020</td>
<td>Strategy for winning to survive in the printing area is in execution</td>
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<tr>
<td>2021</td>
<td></td>
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<tr>
<td>2022~</td>
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Brother’s Strengths

- **Flexibility:** Spirit that has continued to address challenges courageously and flexibly respond to changing times and technological innovation
- **Agility:** Ability to promptly deliver products and services that are fine-tuned to customer needs with their opinions positioned as the starting point of a series of actions
- **Cost competitiveness:** Brother-style development of cost-competitive products through unique value propositions and optimized integral architecture
  
  Efficient global network in development, manufacturing, sales, and service
CS B2021 “TOWARDS THE NEXT LEVEL”
~ Establish a firm foothold for the future ~

Printing - win to survive
- Maintain scale and raise profitability by acquiring high-PV*1 users and improving hardware profitability
- Accelerate shift to new business models to secure stable profits and closer customer relations

Machinery/FA - accelerate growth
- Achieve significant growth in Industrial Equipment with focus on auto/general machine market
- Increase FA*2 business through capturing a surge in labor-saving/automation needs

Industrial Printing - develop a growth platform
- Re-accelerate Domino’s growth with synergy realization/reinforcement
- Expand Industrial Printing area by inkjet-centered printing technologies

Form a solid foundation to gain speed/cost advantage
- Thorough operational transformation across the board by leveraging IT
- Maximize organizational performance by cultivating talent pool and optimizing talent deployment
- Revitalize unprofitable/low-profit businesses

*1 Print Volume
*2 Factory Automation: Automation of various factory work and processes using machines and information systems

CS B2021 Financial Targets

As the financial targets, we aim at achieving sales revenue of 750 billion yen, operating profit of 75 billion yen, and an operating profit ratio of 10.0%. Although a severe business environment is expected in the printing area, we aim to maintain the same business scale as FY2018. In the industrial area, we aim to expand sales and profit.

<table>
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<tr>
<th>Targets for FY2021</th>
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<tr>
<td>Sales Revenue ....... 750 billion yen</td>
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<tr>
<td>Operating Profit ...... 75 billion yen</td>
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<tr>
<td>Operating Profit Ratio 10.0%</td>
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<td>Exchange rate: 1USD=105JPY, 1EUR=125JPY</td>
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</table>

CS B2021 Investment Policy

We will accelerate growth investment including M&A to further expand the industrial area, create/develop new businesses, and reinforce inkjet-related facilities by setting up a 50 billion yen growth investment fund.

Machinery/FA
Enter the market adjacent to machining center such as machine tools for preceding/following processes or peripheral equipment

Industrial printing
Expand the adjoining area from the existing business by leveraging Brother’s printing technologies featured by inkjet