Brother Group
New Medium-Term Business Strategy

February 28, 2019
Brother Industries, Ltd.
Representative Director & President
Ichiro Sasaki
# Brother's business areas

<table>
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<tr>
<th>Business areas</th>
<th>Business segments</th>
<th>Main products &amp; service portfolio</th>
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</thead>
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<tr>
<td><strong>Consumer area</strong></td>
<td><strong>Printing</strong></td>
<td><strong>Communications &amp; Printing Equipment</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Electronic Stationery</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Home &amp; Culture</strong></td>
<td><strong>Personal &amp; Home</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Network &amp; Contents</strong></td>
</tr>
<tr>
<td><strong>Machinery/FA</strong></td>
<td><strong>Industrial Equipment</strong></td>
<td><strong>Home sewing machine</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Industrial Parts</strong></td>
<td><strong>Home cutting machine</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Machinery</strong></td>
<td><strong>Online Karaoke system/Karaoke club</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Industrial Sewing Machines</strong></td>
<td><strong>Music contents</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Industrial Sewing Machines</strong></td>
<td><strong>Programmable electronic pattern sewing machine</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Reducer</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Domino</strong></td>
<td><strong>Gear</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Industrial Printing</strong></td>
<td><strong>Coding and marking equipment</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Digital printing equipment</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Garment printer</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Laser marker</strong></td>
</tr>
</tbody>
</table>

P&S = Printing & Solutions  
FA = Factory Automation: Automation of various factory work and processes by using machines and information systems
Review of CS B2018

Outline of CS B2021

Management targets of CS B2021
Vision of CS B2018

Our aspiration for Brother

A multi-business enterprise with resilient DNA and a track record of success that continually evolves to deliver profitable growth by meeting the challenges of changing times and environments

Business transformation
Transition from a printing-focused business to a portfolio-based multi-business enterprise

Operational transformation
Reinforce customer value creation capability for the future by optimizing use of limited resources and focusing on efficiency

Talent transformation
Cultivate the next generation of leadership talent in the context of Brother’s unique DNA and optimize talent deployment across the group

Financial targets*1/plan

<table>
<thead>
<tr>
<th></th>
<th>Sales Revenue</th>
<th>Operating Profit</th>
<th>Operating Profit Ratio</th>
<th>ROE (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS B2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS B2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future</td>
<td>750B yen</td>
<td>60B yen</td>
<td>8.0%</td>
<td>9%+a</td>
</tr>
</tbody>
</table>

*1: Original targets announced on March 2, 2016

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Outperformed operating profit/ROE target, whilst sales revenue resulted in a shortfall

**Sales revenue [100M yen]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>CS B2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast*1</td>
<td>6,821</td>
<td>6,900</td>
<td>7,500</td>
</tr>
<tr>
<td>Forecast*2</td>
<td>-600</td>
<td>600</td>
<td></td>
</tr>
</tbody>
</table>

**Operating profit [100M yen]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>CS B2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast*1</td>
<td>586</td>
<td>700</td>
<td>600</td>
</tr>
<tr>
<td>Forecast*2</td>
<td>+100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**ROE [%]**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 forecast*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.9</td>
<td>13.5</td>
<td>12.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Operating profit ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 forecast*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.6%</td>
<td>10.1%</td>
<td>8.0%</td>
<td>9%+α</td>
<td></td>
</tr>
</tbody>
</table>

[Exchange rate]

<table>
<thead>
<tr>
<th>Currency</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 forecast*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>120yen</td>
<td>109yen</td>
<td>115yen</td>
<td>120yen</td>
</tr>
<tr>
<td>EUR</td>
<td>132yen</td>
<td>129yen</td>
<td>130yen</td>
<td>135yen</td>
</tr>
</tbody>
</table>

*1: Full-year financial forecast as of the end of the third quarter of FY2018
*2: Original target/plan announced on March 2, 2016

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Review of three transformations

Made certain progress in business, operational, and talent transformation, but further transformation and optimization are critical

<table>
<thead>
<tr>
<th>Achievements of CS B2018</th>
<th>Challenges for CS B2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business transformation</strong></td>
<td>• Accelerate growth in the industrial area</td>
</tr>
<tr>
<td>• Significantly improved profitability of Communications &amp; Printing Equipment</td>
<td>• Incubate and develop new businesses</td>
</tr>
<tr>
<td>• Achieved sales growth in the next core business areas, Industrial Equipment and Domino business</td>
<td>• Enforce further discipline on selection and concentration</td>
</tr>
<tr>
<td><strong>Operational transformation</strong></td>
<td>• Establish speed and cost advantage by thorough operational transformation</td>
</tr>
<tr>
<td>• Established functional center of excellence and began providing effective support to business units</td>
<td>• Drive a shift from back-office operations to value generating activities for customers</td>
</tr>
<tr>
<td>• Initiated operational transformation by utilizing IT such as RPA, AI, etc.</td>
<td><strong>Talent transformation</strong></td>
</tr>
<tr>
<td><strong>Talent transformation</strong></td>
<td>• Further cultivate Brother group’s talent pool by offering training and growth opportunities</td>
</tr>
<tr>
<td>• Reallocated approx. 400 employees from Communications &amp; Printing Equipment/HQ</td>
<td>• Accomplish optimal talent deployment across the board to expand the industrial area while promoting lean organization</td>
</tr>
<tr>
<td>• Introduced deputy-manager system, succession plans, and next generation leader development programs</td>
<td></td>
</tr>
</tbody>
</table>

RPA=Robotic Process Automation: Automation of business operations by leveraging digital labor
Review of CS B2018

Outline of CS B2021

Management targets of CS B2021
Recognize business environment becoming increasingly severe

**Printing area**

- **Genuine consumables ratio** continues its **downward trend**, in addition to **the printing volume decrease** under digitalization.
- **Service needs diversification** will keep **accelerating** amid **drastic customers’ behavior changes** from ownership to usage.

**Industrial area**

- **Stable growth** is to continue
  - Machinery market to expand with a surge in demand for labor-saving and automation as well as for automobile parts processing
  - Industrial printing market to grow with increased needs for traceability and customization
- Meanwhile, **macroeconomic environment** will **change** due to country policy revisions etc.
  - Recession risk owing to US-China trade friction, Brexit, and so forth
  - Tightening regulations in response to stricter security policies

**Home & Culture area**

- While the market is maturing, **customer needs are shifting** due to growing customization demand in embroidery and craft etc., and to diversified entertainments

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Further drastic transformation is essential in CS B2021
Brother's unique strengths

Define Brother's unique strengths as flexibility, agility, and cost competitiveness based on "At your side." spirit

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
  - Quick iteration of Brother Value Chain Management (BVCM)* system

Cost competitiveness
- Brother-style development of cost competitive products through unique value proposition and optimized integral architecture
- Efficient global network in development, manufacturing, sales, and service

*Brother's unique management system that regards customer demands and expectations as our guide for all business operations including product planning, development, design, manufacturing, sales, and service to respond best to the needs
CS B2021 positioning

Establish a firm ground “TOWARDS THE NEXT LEVEL” to realize Global Vision 21, and carry out transformation by focusing on the critical few and utilizing unique strengths.

- Direct customer relationships are enhanced, and solid business foundation is formed to gain speed/cost advantage.
- Growth platform is established in the industrial area to become the next core business.
- Strategy for winning to survive in the Printing area is in execution.

Post-CS B2021
Enjoy “the Next Level”
CS B2021 “TOWARDS THE NEXT LEVEL”
~ Establish a firm foothold for the future ~

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

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

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

4. **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

PV = Print Volume
Win a leading place even under the challenging market, by maintaining scale with high-PV users acquisition etc. and enhancing profitability via further cost reduction.

**Sales revenue [100M yen]**

<table>
<thead>
<tr>
<th></th>
<th>2018 forecast*1</th>
<th>2021 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing</td>
<td>3,820</td>
<td>3,880</td>
</tr>
<tr>
<td><strong>Communications &amp; Printing Equipment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintain sales revenue and enhance profitability amid a shrinking market</td>
<td></td>
</tr>
<tr>
<td><strong>Electronic Stationery:</strong></td>
<td>Expand products for high-PV business applications</td>
<td></td>
</tr>
</tbody>
</table>

Exchange rate 1USD=105yen, 1EUR=125yen

**Key initiatives**

- Accelerate transition to new Brother-style business models (detailed in the next page)
- Promote further shift to high-end hardware
- Increase OEM supply including high-end models
  - Fully leverage Brother's unique position as an A4 printer manufacturer
- Expand specific business applications
  - Reinforce label printing business for electrical/communication wiring marking, manufacturing setting, etc.
  - Make a full-scale entry into Auto-ID market (barcode printers, etc.)
- Reduce production cost
  - Promote automation at manufacturing plants, etc.
- Optimize manufacturing sites
- Streamline back-office operations

*1: Reference value for comparison purpose with 2021 target at the same exchange rates. Note this figure does not correspond to the full-year forecast as of the third quarter of FY2018.
Accelerate transition from box-moving business to new Brother-style business models that nurture customer relationships to provide unique values

For SOHO

- Improve hardware profitability by proposing superior TCO products
  - High-capacity ink/toner models and consumables-bundled models
- Expand services that allow customers to easily purchase consumables
  - Auto-fulfillment service, monthly subscription model
- Develop applications to enhance customer relations
  - Improved printing/labeling user experience, new use cases suggestions

For SMB

- Reinforce subscription business (MPS) that includes printers, service, and consumables by closely collaborating with channels
- Enhance direct customer relationships by providing light solutions sought by SMB customers

New business models ratio (unit sales basis)

<table>
<thead>
<tr>
<th>Year</th>
<th>SOHO</th>
<th>SMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>FY2021 target</td>
<td>30%</td>
<td></td>
</tr>
</tbody>
</table>

SOHO = Small Office Home Office: Workstations at home or small offices
TCO = Total Cost of Ownership: Total cost necessary for installation, use, and maintenance of a product

MPS = Managed Printing Service: A service that offers cost reduction and productivity improvement through central management of office printing equipment
Sales revenue [100M yen]

<table>
<thead>
<tr>
<th>Industry</th>
<th>2018 forecast</th>
<th>2021 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Equipment</td>
<td>550</td>
<td>810</td>
</tr>
</tbody>
</table>

Key initiatives

- **Enhance product lineups**
  - Increase the lineup of SPEEDIO series, such as models with multiple processing functions or additional tools, for process integration needs
  - Enhance peripheral devices around machining centers to respond to automation needs (loading robots, etc.)

- **Launch competitive products and peripheral devices**

- **Further reinforce sales/service platforms**

- **Reinforce sales/service personnel and expand facilities in and outside Japan**
  - Set up new platforms in Japan
  - Expand and set up overseas service platforms, mainly in Asia

- **Allocate more resources to solution sales**

Expect significant growth in the automobile and general machine market, while setting conservative growth target in the highly volatile IT market.

*1: Reference value for comparison purpose with 2021 target at the same exchange rates. Note this figure does not correspond to the full-year forecast as of the third quarter of FY2018.

Exchange rate

1USD=105yen, 1EUR=125yen
Develop FA business across the Machinery organization by offering labor-saving and automation solutions centered on process integration.

Turnkey: A type of contract to deliver plug-and-play products by integrating Brother products with peripheral equipment and facilities/devices for preceding/following work processes.

Product expansion
Business expansion
Processing technology expansion
Customer expansion

Turnkey services
Industrial Equipment
Labor-saving/Automation solutions
Industrial Sewing Machines
Industrial Parts
Parts for FA (Gears and reducers)

Multiple processing machines (processing integration)
Industrial Printing - develop a growth platform: Re-accelerate Domino’s growth with synergy realization/reinforcement

Complete planned new products development by closely collaborating with Brother, and fully utilize Domino’s competitive products/services to accelerate growth

Sales revenue [100M yen]

<table>
<thead>
<tr>
<th>Domino</th>
<th>Exchange rate 1GBP=140yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>DP market: Achieve significant growth by launching new products and increasing sales/service channel investment</td>
<td></td>
</tr>
<tr>
<td>C&amp;M market: Expect stable business by consistently outperforming market growth and leverage firm relationships with existing customers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 forecast*1</th>
<th>2021 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>680</td>
<td>880</td>
</tr>
</tbody>
</table>

Key initiatives

- Form a foundation for rapid development
  - Introduce and promote agile development processes and tools
  - Utilize Brother’s development infrastructure
- Enhance product development capabilities
  - Increase developers’ touch points with customers to captures and better respond to customer needs
- Build a stronger sales and service platform
  - Continue investment on channels
  - Improve customer experience by providing highly professional specialized solutions
- Expand aftermarket products and services
  - Improve customers’ productivity by promoting monitoring tool, remote service, etc.

DP = Digital Printing  C&M = Coding and Marking

*1: Reference value for comparison purpose with 2021 target at the same exchange rates. Note this figure does not correspond to the full-year forecast as of the third quarter of FY2018

Agile development: an approach to develop products that satisfy specifications and quality required by customers, through iteration of short-term development cycle (of development, implementation, testing and modification)
Expand business in Industrial Printing, where digitalization has been prevailing, by leveraging Brother’s printing technologies.

**Industrial printing market**

**Market size:** Approx. 50T yen

**Adjacent area**
- Mass customization market

**Packaging area**
- Corrugate
- Cartons
- Flexible packaging

**Logistics/manufacturing industry**

**Secondary coding area**
- Label printing + auto attachment
- Direct print on corrugate

**Existing area**
- Garment
- Package label
- Barcode label

**Brother’s printing technologies**
- Inkjet
- Thermal
- Laser

**Mass customization:** Mass production of products/services that have been customized to respond to customers requests.
Reallocate resources to customer value creation activities and maximize organizational performance by operational process review and talent cultivation/optimal deployment

Shift resources to customer value creation activities via operational transformation

- Streamline business operation through fundamental review across Brother group
- Allow “individual” to focus on customer value creation activities by automating routine work with IT tools such as RPA, AI, etc.

Maximize organizational performance with talent cultivation and optimal deployment

- Cultivate talents across the organization
  - Prompt individuals’ growth and maximize the performance by providing challenging environments (accelerated promotion opportunities, etc.)
- Realize a lean and optimal talent deployment
  - Assign personnel based on individuals’ competency
  - Accelerate resource shift to growth and new business areas

Workload image

Back-office operations | Customer value creation activities
---|---
2018 | CS B2021

Optimal talent deployment

- Win existing businesses
- Accelerate growth businesses
- Create new businesses
Reinforce global HQ’s (Brother Industries, Ltd.) function while accelerating the resource shift to customer value creation activities.

Vision

Realize “strong and lean” global HQ that generates larger outputs with smaller inputs by reinforcing capabilities to promote global strategies as well as driving resource shift from back-office operations to customer value creation activities.

Key initiatives

- Streamline operational processes by thorough review, and promote automation with digital tools
- Realize optimal talent deployment across the board

Target

- Improve operational productivity of Brother Industries, Ltd. by 10%
  - Generate approx. 700 thousand hours, equivalent to 10% of total operation hours
Exercise tighter profit and loss management on a sub-business segment basis and revitalize unprofitable/low-profit businesses

<table>
<thead>
<tr>
<th>Vision</th>
<th>Reinvigorate unprofitable/low-profit businesses by enforcing tighter management of profitability on a sub-business segment basis while promptly implementing drastic turnaround measures</th>
</tr>
</thead>
</table>
| Key initiatives | • Enforce stricter profitability management by sub-business segment  
• Implement drastic transformation to improve profit margin  
  - Consider withdrawal from the business if the chance of profitability improvement is remote from long-term time perspective |
| Target | • Increase operating profit by more than 8B yen (vs. FY2018) |

Sub-business segment = More granular business segment than that of publicly disclosed. Internal management is conducted on sub-business segment basis; e.g. Home Sewing Machines and Craft are the sub-business segments of Personal & Home
Review of CS B2018

Outline of CS B2021

Management targets of CS B2021
Financial targets

Target 750B yen sales revenue and 75B yen operating profit by expanding the industrial area and fostering speed/cost competitiveness.

### CS B2021 financial targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>750B yen</td>
</tr>
<tr>
<td>Operating profit</td>
<td>75B yen</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

### Breakdown by business segment

**Sales revenue [100M yen]**

- **2018 forecast**
  - New business/Others: 6650M yen
  - Home & Culture: 1750M yen
  - Industrial Printing: 3820M yen
  - Machinery/FA Industrial: 150M yen
- **2021 target**
  - New business/Others: 7500M yen
  - Home & Culture: 2150M yen
  - Industrial Printing: 3880M yen
  - Machinery/FA Industrial: 250M yen

**Operating profit [100M yen]**

- **2018 forecast**
  - Home & Culture: 55M yen
  - Industrial Printing: 460M yen
  - New business/Others: 125M yen
  - Machinery/FA Industrial: 150M yen
- **2021 target**
  - Home & Culture: 70M yen
  - Industrial Printing: 450M yen
  - New business/Others: 70M yen
  - Machinery/FA Industrial: 220M yen

*1: Reference values for comparison purpose with 2021 target at the same exchange rates. Note these figures do not correspond to the full-year forecast as of the third quarter of FY2018.
Set up 50B yen growth investment fund to expand the industrial area, create/develop new businesses, etc.

Accelerate growth investment including M&A to further expand the industrial area, create/develop new businesses, and reinforce inkjet-related facilities

**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

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Maintain stable returns to shareholders aiming for a consolidated dividend payout ratio of 35% while making essential strategic investments

- Raise the target of consolidated dividend payout ratio to 35%
- In principle, prioritize maintaining a constant dividend amount even under severe circumstances

- Maintain around 12%

<table>
<thead>
<tr>
<th>Shareholder return</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend payout ratio</td>
<td>Annual dividend per share (yen)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend payout ratio</th>
<th>Annual dividend per share (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>33%</td>
<td>24 yen</td>
</tr>
<tr>
<td>2014</td>
<td>30%</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>36%</td>
<td>30%</td>
</tr>
<tr>
<td>2016 (adjusted)</td>
<td>25%</td>
<td>42 yen</td>
</tr>
<tr>
<td>2017</td>
<td>28%</td>
<td>54 yen</td>
</tr>
<tr>
<td>2018 (forecast)</td>
<td>30%</td>
<td>60 yen</td>
</tr>
<tr>
<td>2019</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>2020</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>2021</td>
<td>35%</td>
<td>35%</td>
</tr>
</tbody>
</table>
CSR management policy | Contribution to SDGs

Achieve social value creation through business activities, envisioning CS B2021 and beyond

Seek to provide innovative products and services that make our customers happy

- 3. Good Health and Well-Being
- 8. Decent Work and Economic Growth
- 9. Industry, Innovation and Infrastructure

| Examples of social value creation linked to business activities in light of SDGs |
| Total health care support device/contents |
| “Environmental Vision 2050” initiatives |
| Enhanced CSR at supply chain |

Continue to make efforts to help the global environment

- 7. Affordable and Clean Energy
- 12. Responsible Consumption and Production
- 13. Climate Action
- 15. Life on Land

Enhance collaboration with business partners on ways to address social demands quickly

- 3. Good Health and Well-Being
- 4. Quality Education
- 11. Sustainable Cities and Communities
- 8. Decent Work and Economic Growth
- 12. Responsible Consumption and Production

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Brother Group
New Medium-Term Business Strategy

CS B2021
TOWARDS
THE NEXT LEVEL
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Official term</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BVCM</td>
<td>Brother Value Chain Management</td>
<td>Brother’s unique management system that regards customer demands and expectations as our guide for all business operations including product planning, development, design, manufacturing, sales, and service to respond best to the needs</td>
</tr>
<tr>
<td>C&amp;M</td>
<td>Coding and Marking</td>
<td>Printing and marking of expiration dates, lot numbers and so forth on plastic bottles, cans, and food packaging materials, etc.</td>
</tr>
<tr>
<td>DP</td>
<td>Digital Printing</td>
<td>A printing method to print directly from digital-based typesetting data generated on a PC onto a substrate</td>
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<tr>
<td>FA</td>
<td>Factory Automation</td>
<td>Automation of various factory works and processes using machines and information systems</td>
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<tr>
<td>MPS</td>
<td>Managed Printing Services</td>
<td>A service that offers cost reduction and productivity improvement through central management of office printing equipment</td>
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<tr>
<td>PV</td>
<td>Print Volume</td>
<td>Printing volume</td>
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<tr>
<td>RPA</td>
<td>Robotic Process Automation</td>
<td>Automation of business operations by leveraging digital labor</td>
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<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
<td>Seventeen global environmental and development goals for the world to achieve between 2016 and 2030, which were unanimously adopted by 193 countries in the UN General Assembly in Sep 2015</td>
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<tr>
<td>SMB</td>
<td>Small and Medium Business</td>
<td>Companies or entities with 10 to 500 employees (Small and medium-sized offices and companies)</td>
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<tr>
<td>SOHO</td>
<td>Small Office Home Office</td>
<td>Companies or entities with 1 to 10 employees (Home or small offices)</td>
</tr>
<tr>
<td>TCO</td>
<td>Total Cost of Ownership</td>
<td>Total cost necessary for installation, use, and maintenance of a product</td>
</tr>
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## Glossary of terms (2/2)

<table>
<thead>
<tr>
<th>Term</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Agile development</td>
<td>An approach to develop products that satisfy specifications and quality required by customers, through iteration of short-term development cycle (of development, implementation, testing, and modification)</td>
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<tr>
<td>Global Vision 21</td>
<td>Medium to long-term vision of Brother Group’s further growth</td>
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<tr>
<td>Sub-business</td>
<td>More granular business segment than the disclosed segment. Internal management is conducted on sub-business segment basis; e.g. Home Sewing Machines and Craft are the sub-business segments of Personal &amp; Home</td>
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<tr>
<td>Turnkey</td>
<td>A type of contract to deliver plug-and-play products by integrating Brother products with peripheral equipment and facilities/devices for preceding/following work processes</td>
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<tr>
<td>Mass customization</td>
<td>Mass production of products/services that have been customized to respond to customers requests</td>
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</tbody>
</table>
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.