

Integrated Report 2025





Contents

Introduction

- 1 Contents / Investor Feedback
- 2 The Spirit of “At your side.”
/ Global Charter / Vision / Medium-term
Business Strategy / Materiality

Message from the President

- 3 Message from the President

The Story of Brother's Value Creation

- 8 Brother's History
- 10 Brother's Businesses Structure
- 11 Brother's Value Creation Process
- 12 Brother Value Chain Management (BVCM)
- 13 Brother's Strengths

Medium-term Business Strategy

“CS B2027” Policy

- 15 Review of “CS B2024”
- 16 New Materiality / Identification Process
- 17 FY2024 Results / “CS B2027” Financial
Targets / FY2030 Targets
- 18 “CS B2027” Outline and the Roles of
Businesses
- 19 Cash Allocation and M&A Strategic
Investment Policy
- 20 Financial Strategy

Business Strategy

- 22 Printing & Solutions Business
- 24 Industrial Printing Business
- 26 Machinery Business
- 28 Nissei / Personal & Home Business
- 29 Network & Contents Business /
New Business

Management Foundation Strategy

- 30 Human Capital
- 32 Intellectual Capital
- 33 Manufactured Capital
- 34 Social and Relationship Capital
- 35 Natural Capital (Environmental Initiatives)
- 36 Outside Directors' Round Table

Governance

- 40 Message from the Chairman
- 41 Composition of the Board of Directors
- 43 Corporate Governance
- 46 Risk Management
- 47 Compliance

Financial Section

- 48 Financial and Non-Financial Highlights
- 50 11-Year Data

Corporate Information / Stock Information

- 51 Corporate Information / Stock Information

Major feedback on Integrated Report 2024 received from investors and sections where the feedback was reflected in this year's report.

Major feedback

I want to know specific examples and reasons for Brother's four strengths.

I want to know about the process for identifying materialities, which are important element for ensuring effectiveness.

I think a round table with all the Outside Directors would be preferable to a Q&A format with specific executives.

Details of improvement

Specific examples of our “strengths” are provided in the diagram of the Value Creation Process.  See page 13.

Details of the new materialities “supporting value creation through governance” and the process for identifying materialities are provided.  See page 16.

A round table with Outside Directors was held for the first time in two years.  See page 36.

Editorial Policy

The “Integrated Report 2025” is designed to explain the Brother Group's medium- to long-term value creation by integrating financial and non-financial information and to communicate a story of sustainable value creation unique to Brother to as many stakeholders as possible in an easy-to-understand manner. In editing the report, we referred to METI's “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” and the IFRS Foundation's “International Integrated Reporting Framework.”

For more detailed information about the Brother Group, please see the Brother Group Corporate Information page of the Brother website.

 [Brother Corporate Information](#)

Period Covered by the Report

The report mainly covers FY2024 (from April 1, 2024 to March 31, 2025). It also includes some information for the period from April 2025.

Companies Covered by the Report

Brother Industries, Ltd. (BIL) and its Group companies



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.



Creating the future with the “At your side.” Spirit

Since its foundation in 1908 as a sewing machine repair business, the Brother Group has pursued the diversification and globalization of business in its history of 117 years. Underlying our activities at all times is the prompt provision of superior value based on the “At your side.” spirit, which always places our customers first. We believe that being useful and bringing joy to our customers through the Brother Group’s products and services will bring us happiness. Going forward, we will continue to utilize our unique technologies and global network to create value that is distinctive to Brother. We will also contribute to society and help to protect the earth by working to solve social issues through business.

The Brother Group Global Charter

With the spirit of “At your side.”, Brother conducts management with an emphasis on sustainability to create social value through its business. The foundation of this is the Brother Group Global Charter (Global Charter), which is the cornerstone of all Brother Group activities and consists of Basic Policies and Codes of Practice for the day-to-day decision-making and implementation by Group employees. The Global Charter has been translated into 29 languages and shared so that all employees in more than 40 countries and regions can correctly understand and remain aware of it.

 [The Brother Group Global Charter](#)



Brother Group Vision “At your side 2030”

“At your side 2030” is Brother’s Group Vision, which expresses the significance of Brother’s raison d’être and value proposition to society for FY2030. We seek to contribute to society, help to protect the earth, and achieve sustainable growth by expanding customer value based on the spirit of “At your side.” [Brother Group Vision “At your side 2030”](#)

Brother Group Medium-term Business Strategy “CS B2027”

To realize “At your side 2030,” the Brother Group will implement the medium-term business strategy “CS B2027,” which is based on the theme “Creating our future. Boldly.” Under “CS B2027,” we will accelerate business portfolio transformation for the enhancement of our corporate value over the long term, improving profit-generating capabilities. “CS B2027” aims to achieve a sales revenue of 1 trillion yen and an operating profit of 100 billion yen in FY2027 by clarifying the roles of each business and executing strategies based on key indicators set for each business.

[See pages 15-39.](#)

Materiality

We have identified materialities as key social issues to achieve “At your side 2030” and to “contribute to society and help protect the earth.”

[See page 16.](#)



Message from the President

Designing Our Purpose toward Further Transformation

Striving to achieve the medium-term business strategy “CS B2027”

Q What is your assessment of the previous medium-term business strategy “CS B2024,” including changes in the business environment?

Under the medium-term business strategy “CS B2024” (for FY2022 to FY2024), whose theme was “Take off towards our new future,” the Brother Group focused on business portfolio transformation and management foundation transformation for a sustainable future. Sales revenue reached 876.6 billion yen, exceeding the target of 800 billion yen, but both the operating profit ratio and ROE fell short of the target of 10%. In fact, real sales revenue, which is sales revenue less foreign exchange effects, also fell short of the target, leaving us with unsolved challenges. [See page 15.](#)

However, the Printing & Solutions Business (P&S Business) achieved steady results. In the field of printers and All-in-Ones, it is no longer easy to make further revolutionary technological advances, excluding advances in added value such as software. Even in such a market environment, Brother continues to be committed to quality and thus able to retain long-term customer loyalty. In recent years,



Kazufumi Ikeda
Representative Director & President



Message from the President

extended product life cycles have allowed us to maintain the number of machines in the field (MIF), despite a decline in the number of machines sold, and to continue to achieve steady sales of highly profitable consumables. In addition, the trend toward diversification of printers and All-in-Ones, which involves a shift from A3- to A4-size machines, has served as a favorable tailwind for us. Therefore, we predict that, even if the entire market for printers and All-in-Ones shrinks, it will only have a relatively minor impact on Brother, which mainly deals with A4-size machines. [See pages 22-23.](#)

Meanwhile, the Industrial Equipment Business has been experiencing a difficult business environment due to the slower-than-expected recovery of the Chinese market. However, Brother has strengthened its product lineup by launching new models one after another from 2022 onwards. We have also devoted efforts toward enhancing our service support activities and expanding facilities that help explore new markets, such as technology centers equipped with machine tool showrooms. Since I assumed the position of President, I have visited our Industrial Equipment Business facilities both inside and outside Japan. These visits have made me keenly aware of the growing potential of each employee and Brother's increasing brand power in the industry, as well as rising customer expectations for us. Even in a tough market environment, designing Our Purpose while making a proactive commitment to upfront investments and human capital development is the key to future growth. I believe that our Industrial Equipment Business will be able to achieve significant growth once market conditions begin to recover.

Q The medium-term business strategy “CS B2027” sets a policy of clarifying the role of each business and optimizing the allocation of management resources. What is the aim of this policy? How does it differ from the policies in past medium-term business strategies? Also, what is the specific meaning of the emphasis on “future” and “boldness” in the strategy’s theme, “Creating our future. Boldly.”?

Since the medium-term business strategy “CS B2018” was launched in 2016, the Brother Group has pursued a policy of expanding its business in the industrial area. However, I recognize that we were unable to thoroughly implement that policy in some aspects. Because we used sales revenue and

CS B2027

The Brother Group
Medium-Term Business Strategy

Creating our Future.
Boldly.

We will accelerate business portfolio transformation for the enhancement of our corporate value over the long term, improving profit-generating capabilities.

- Aim to achieve an operating profit of 100 billion yen by clarifying the role of each business and executing strategies based on key indicators.
- We will steadily execute growth investments of approximately 200 billion yen over the next three years, driving growth in the industrial area.
- Strengthen the technological and talent foundations that support transformation.
- Enhance shareholder value by implementing management with a focus on cost of capital and share prices.

[See pages 18-19.](#)

operating profit as uniform criteria for evaluating all our respective businesses, what we were doing did not deserve to be called “portfolio management” in the true sense of the term. Each business naturally has its own unique role and mission, so “CS B2027” has clearly defined it once again. Furthermore, to drive future growth, we are planning to make a growth investment of 200 billion yen mainly in proactive M&A projects and alliances. If I am asked, “Does Brother have a fair chance of succeeding in M&A?” my answer is “Yes.” I believe it will be important for us is to step out of our comfort zone and overcome our psychological barriers with our own will. Currently, the stable sales and profits of the P&S Business support our revenue base, but enhancing our long-term corporate value will require us to achieve further business portfolio transformation. I hope that you regard the growth investment of 200 billion yen as an embodiment of our serious commitment to transforming the Company, even at such a high cost.

We have clearly defined target areas for growth investment. We will aggressively explore opportunities for M&A and alliances in the areas of machinery and factory automation, industrial printing, commercial and industrial labeling, and new businesses. In particular, we will concentrate our investments on developing our solution capabilities in the industrial area, deepening our approach of marketing a combination of products and solutions and acquiring organizational capabilities for growing



Message from the President

new businesses into new pillars, as well as strengthening in the foundations. [See pages 17-19.](#)

Furthermore, as part of our efforts to strengthen our management foundation, we have adopted a “talent portfolio” approach. To realize our strategy, we will reinforce organizations that require talent enhancement by allocating more human resources, including mid-career hires. [See pages 30-31.](#)

When I was younger, perhaps because the Company was not as firmly established as an organization as it is now, there were many employees of an adventurous type, who would find out what they wanted to do, negotiate with their superiors, and then actually do it. Current employees generally seem somewhat quieter, so I hope to see more employees act more proactively.

Q What will you focus on as top management in the first year of “CS B2027”? Also, why has the total shareholder return (TSR) benchmarked against TOPIX been added to our KPIs?

I focus strongly on not only achieving the targets in the limited period of the three-year medium-term business strategy but also accumulating achievements over the three years in order to fulfill our Group Vision toward 2030, “At your side 2030.” We will not stop investing or postpone our planned measures due to an adherence to short-term performance. I am determined to ensure that from the first year onward, we will complete everything that we must do no matter how tough it is.

From this fiscal year, the Industrial Printer Business, which was part of the Industrial Sewing Machine Business included in the Machinery Business, has been integrated with the Domino Business to form a new Industrial Printing Business Division. From now on, we aim to strengthen the business’s competitiveness and maximize its synergetic effects by efficiently utilizing its assets, including resources, technologies, and customer base. I believe that the key to future growth of the Domino Business, in particular, will be closer collaboration between Domino Printing Sciences Plc. and Brother Industries. Through such collaboration, we must further enhance the synergetic effects. [See pages 24-25.](#)

In the Industrial Equipment Business as well, we have designated Europe and Southeast Asia as focus regions, in addition to the existing focus regions of China, India, and Japan. We will expand and strengthen our human resources and sales facility network in these regions. Last year, we started local

production in India and enhanced our technology center there. Europe is another major market, but Brother’s market share is not so large at present, so there is still room for growth. Currently, our facility in Frankfurt covers 21 European countries, and we will further expand our facilities and dealers as well as our sales network. [See pages 26-27.](#)

Furthermore, the current medium-term business strategy newly sets a target for the total shareholder return (TSR) to clearly show our stance on the stock price. Since 2022, the TSR has been one of the indicators used as criteria for decisions on performance-linked stock-based remuneration for directors. This choice demonstrates our intention to promote management that is more conscious of the stock price than ever before. We have set a TSR target benchmarked against the TOPIX because, given the wide range of Brother businesses, we determined that the TOPIX would be more appropriate as a benchmark than the TSRs of our competitors. We also plan to significantly enhance shareholder returns while maintaining a balance with growth investments, providing shareholders with a total return of 140 billion yen, including 60 billion yen of treasury stock, during the period of “CS B2027.” [See pages 20-21.](#)

Q What is the background to the recent addition of governance to materialities for non-financial disclosure?

I am confident that we already have a system in place for effective functioning of protective governance. For example, we have in place a risk management system in which the Risk Management Committee has seven subcommittees to identify and reduce risks, as well as respond to any risk that might occur. Additionally, the Board of Directors, the Audit & Supervisory Board, and the Internal Audit Department all work to detect risks at subsidiaries at an early stage and then eliminate them. Meanwhile, I recognize that there is room for improvement to our proactive governance. I hope to improve our governance so that, when we make investments in M&A or the like, we can encourage appropriate risk-taking toward transformation. I believe that proactive governance will surely enable the Brother Group to fulfill its future vision and increase its corporate value. [See page 16.](#)

Message from the President

Foundation for business model evolution and value creation

Q Brother has evolved its business models in line with the change in its main business areas. What do you recognize as the key to Brother's differentiation from its competitors and enhancement of profitability in that process? Also, what do you believe is the key to maintaining the speed of management amid the growth of Brother's business scale?

In the business world, situations sometimes change rapidly. We must respond to such changes without delay and move forward while flexibly adapting the style of our business. For example, in the Domino Business, we are gradually shifting our status from that of a printer supplier that sells printers themselves and related consumables to a solution supplier that can also provide automation, system integration, and other solutions. That is the case with the Industrial Equipment Business as well. In the past, we mainly marketed machine tools only, but now we propose machine tools in combination with pallet changers and loading systems, thus shifting to the provision of solutions that meet customers' needs, such as automation and labor-saving solutions. The key to achieving this is to detect customer needs promptly and provide specific solutions as quickly as possible.

As a way to accelerate this, Brother has a system we call the Brother Value Chain Management (BVCM) system. The BVCM system was originally established as a management system for consumer products in order to practice a customer-oriented, global strategy. In recent years, it has evolved into a system that is also applicable to providing value to customers in the industrial area. In the Industrial Equipment Business, for example, sales, technical, and service staff visit customers together to directly listen to their needs and consider what new functions and solutions should be proposed. Also, the manufacturing, quality assurance, and service departments work together with the development departments to advance multiple product development projects in parallel, thereby accelerating the development and launch of new products. As shown by these examples, we have evolved the BVCM

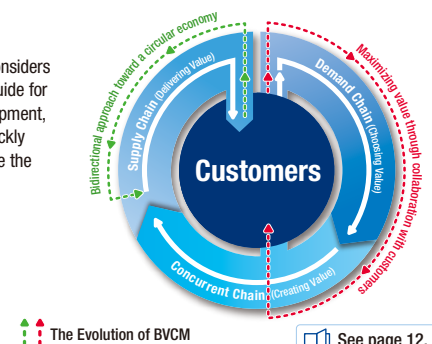
Brother Value Chain Management (BVCM)

BVCM is the Brother Group's unique management system that considers customer demands and expectations to be top priority and our guide for all of our business operations, including product planning, development, design, manufacturing, sales, and service, and is designed to quickly provide them with exceptional value. The Group aims to maximize the value it provides by continuing to evolve BVCM.



Basic BVCM processes

With the customers as the starting point, Brother precisely coordinates the functions of the demand chain, concurrent chain, and supply chain and cooperates with external partners to provide superior value by quickly creating and delivering high-quality products and services.



system to enhance our capabilities to provide solutions, promoting a shift from simply selling products to marketing a combination of products and solutions.

Going forward, if we can achieve business model transformation using AI in the future, it will provide us with a great opportunity while also speeding up our management. We need to build generative AI into our businesses and operations more extensively and deeply than ever before. To ensure that all our working hours are devoted to serving customers, I will encourage the utilization of robots and AI for simple tasks as much as possible and promote discussions on the best way to use AI.

Q

In the employee awareness survey, the overall score for the statement “I always make decisions at work from an ‘At your side.’ perspective” is very high. What is your reaction to this survey result?

I'm pleased with the high score and proud that it represents one of the strengths of the Brother Group. However, at the same time, I also feel a certain sense of crisis. The term “At your side.” has certainly permeated the entire Group, but I wonder if we are really able to act in an “At your side.” manner, if the “At your side.” approach is evolving to suit the current times, and if our use of this term has made employees



Message from the President

feel complacent and wrongly assume that they are able to live up to the concept. At present, no specific problems have emerged, but I fear that this kind of unconscious carelessness will become widespread in the Group. Therefore, I believe that it is necessary to always ask executives and employees whether they are able to make decisions and take action from an “At your side.” perspective to constantly inspire them to do so.

Toward realization of the Brother Group Vision

Q What initiatives have you particularly focused on since your appointment as President? What do you think about the results? Also, please tell us about your mission and action targets toward realization of the vision “At your side 2030” based on the values you cherish at work.

When I assumed the position of President, I decided to focus on the following three things: 1) ensuring that the Brother Group will always interact sincerely with all its stakeholders, including customers: 2) enabling all employees around the world to work with pride and great hopes for their future: and 3) ensuring that (1) and (2) above will result in our continuous growth as a trusted global company. To obtain employees' understanding of these things, I have deepened my communication with them in person and through the in-house blog, which I believe has helped to gain their understanding of my personal thoughts.

I value addressing them from the same position as theirs, instead of from a top-down position. I have always tried to share my view with employees and then ask them what they think. Needless to say, I incorporate any good ideas offered by employees, but I think it is meaningful that they offer ideas in the first place. For this reason, I accept comments publicly on my in-house blog and respond to each in my own words. Great ideas are sure to emerge from these repeated conversations. When ideas are combined, even better ideas are born, which eventually leads to new power that will transform the Company. The starting point for transformation has always been the “voice of the people.”

I will take the following four key actions to accomplish my mission.

○ **Accountability**

Fulfilling accountability with an extremely keen sense of ownership

○ **Authenticity**

Facing situations head-on and always having honest communication

○ **Boldness**

Being ambitious to always boldly design Our Purpose, that is, what we should be, instead of what we can do

○ **Excellence**

Always aiming for the best in terms of execution

When I was working at our U.S. regional sales headquarters, I had discussions with local employees to redefine our corporate culture, ending up with these four values. Of these, what Brother needs most right now is boldness. Envisioning Our Purpose and fulfilling it requires us to do something more than simply continuing with our current styles of thought and action. I hope that we will break away from the boundaries that define what Brother is now and go beyond the limits we have imposed on ourselves. I believe that this will lead us to the future we aim for.

Profile of Kazufumi Ikeda ●—————▶

In his second year at the Company, “Kaz” was in charge of product planning for the color copier “Renaissa,” and after it was commercialized, he took charge of its sales in Japan. Despite his various efforts to acquire new customers for the product, including cold calling, the Company subsequently withdrew from the business. He later gained experience in global sales and marketing, including directing fax machine sales in Japan, China and other Asian countries and serving as Executive Vice President of a German sales company and as President of the regional headquarters in the Americas. While he was stationed in the U.S., his hope of having casual conversations with employees over coffee inspired him to host regular coffee parties called “Koffee with Kaz,” which would later become the name of his in-house blog. He likes coffee with a bright, citrusy acidity, and often serves employees the coffee he brews himself using the coffee server in the office.



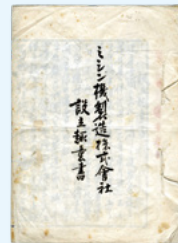
Mr. Ikeda brewing coffee

The Story of Brother's Value Creation

Brother's History

The Brother Group Has Followed a Trajectory of Business Transformation and Growth while Responding to Customer and Social Needs

In 1908, the Yasui brothers, the founders of Brother who started in sewing machine repairs, decided to use the product knowledge they gained through repairs and began to develop domestically-produced machines that wouldn't break easily. As they had no capital for production equipment, they used their originality and ingenuity to improve their own factory, and in 1928, they finally completed a chain-stitch sewing machine for the production of straw hats. The sewing machine they sold gained a reputation for being more durable than foreign-made sewing machines, became popular with customers, and even contributed to the revitalization of the domestic industry. The predecessor of Brother Industries, NIPPON SEWING MACHINE MANUFACTURING CO, was established in 1934. The Prospectus of Establishment demonstrates the brothers' hope to produce sewing machines domestically, and contains their passionate feelings towards solving issues in society through enterprise. Their spirit of foundation that seeks to contribute to society through business has today reached and impacted all Brother employees around the world as the spirit of "At your side."

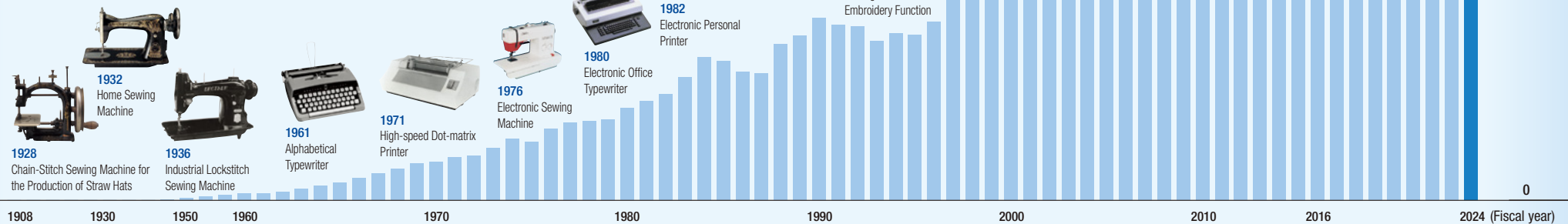


Prospectus of Establishment

Spirit of Foundation

- Create work for people wishing to work
- Create factories with a pleasant atmosphere
- Develop the import-based industry into an export-based industry

Changes in sales revenue



* Sales revenue until FY2015 was based on generally accepted accounting principles in Japan (JGAAP), while sales revenue from FY2016 is based on the International Financial Reporting Standard (IFRS).



The Story of Brother's Value Creation

Brother's History

From foundation:

Diversifying Through Domestic Production of Sewing Machines and Applying Core Technologies

Kanekichi Yasui, the father of the founding brothers, established a sewing machine repair business in 1908. Masayoshi, the eldest son, who was helping out with the family business, tried to find a stable job during the recession but was unsuccessful. Believing that industrial development was necessary to stabilize Japan's economy and create jobs for people who wanted to work, he decided to domestically produce sewing machines, which at the time were imported, and to turn this import industry into an export industry. Joining forces, the brothers developed a chain-stitch sewing machine to produce straw hats in 1928. In 1932, they completed development of their long-awaited domestic home sewing machine. Then, in 1947, the first sewing machine exports began. In 1954, they expanded overseas with the establishment of a facility in the United States. Utilizing technologies cultivated through sewing machines, they started diversifying and developed consumer electronics such as knitting machines, washing machines, and vacuum cleaners.



Chain-Stitch Sewing Machine for the Production of Straw Hats (Sho-san-shiki sewing machines)

Cultivated competitive advantages

- Spirit of foundation
- Press-molding technologies and precision processing technologies
- Brother's own overseas sales channels
- Utilization of core technologies

From 1960:

Entering the Office Machine Field and Developing Machine Tools Refined Through a Philosophy of Independence

In response to growing needs in the U.S. market, Brother began manufacturing portable typewriters in 1961. Receiving good reviews for affordability and performance that were comparable to its competitors, it laid the foundations for Brother to become an office machine manufacturer. With the idea of making its own product-manufacturing machines, the company launched an external sales business for the machine tools it had been developing itself since its foundation. With outstanding machining performance, its tapping machines became a long-selling product. In 1966, it developed a calculator as its first product utilizing electronics technologies, which strengthened its position in the office machine field. While developing its own facilities in Europe, it expanded its overseas business through such moves as the acquisition of a major British sewing machine manufacturer in 1968.



First Model of Portable Typewriter JP1-111

Cultivated competitive advantages

- Product development incorporating the needs of overseas customers
- Development capabilities and mass production systems for the office machine field
- Precision processing technologies for the machine tool field
- Expansion of overseas facilities and market development capabilities

From 1970:

Entering the Information Equipment Field and Promoting Mechatronics

With the spread of compact computers (minicomputers), Brother noticed the limited choices available for printers that support them, so it collaborated with venture company Centronics Data Computer Corp. in the United States to co-develop a high-speed dotmatrix printer in 1971. Developing this new market triggered a subsequent expansion of the information equipment business. Electronizing products one after the other, it launched the industry's first computerized home sewing machine in 1979 and an electronic office typewriter in 1980. Furthermore, it launched a numerical control machine tool into the machine tool field and pivoted to the mechatronics field, which combines mechanical and electronic technologies.



Electronic Sewing Machine M-101

Cultivated competitive advantages

- New business development capabilities through joint development
- Dot impact printing technologies
- Mechatronics technologies through electronization
- Computer control technologies

From 1980:

Acquiring Printing Technologies and Transforming Business

In 1981, Brother rolled out a global brand strategy as an official supplier of the Los Angeles Olympics. Its unique products began to attract a lot of attention, including the launch of the world's smallest personal printer utilizing thermal printing technologies in 1982, and the industry's first popular Japanese word processor in 1984. It applied the thermal printing technologies and kana-kanji conversion technologies cultivated through this development process to launch labeling systems in 1988. It was then able to develop a new market under the P-touch brand. In response to trade friction and an appreciating yen, it expanded its production overseas. Starting to focus on business concentration and selection, Brother withdrew from the consumer electronics and musical instruments businesses and strengthened its investment in the information and communications equipment field instead.



"P-touch" Label Writer

Cultivated competitive advantages

- Global branding
- Thermal printing technologies
- Responsiveness to exchange rate fluctuations, and local production capabilities
- Information and communications technologies

From 1990:

Developing Online Karaoke Systems and Expanding Information and Communications Equipment

Utilizing the content delivery technologies it cultivated through development of vending machines for computer software, Brother launched the industry's first online karaoke system in 1992. In the same year, it developed fax machines for the SOHO market that became a great hit for low prices and differentiated functions. In 1995, it launched a small All-in-One with fax machine, printer, copier and other functions condensed into one machine. Adding laser and inkjet technologies to its product lineup expanded Brother's business rapidly as mass retail stores selling products to emerging business offices multiplied. Aiming to achieve optimal procurement and production globally, it began producing information and communications equipment in China as it went through a capital restructuring of its sales companies and integrated its manufacturing and sales functions.



Black-and-white Laser All-in-One MFC-4500ML

Cultivated competitive advantages

- Content distribution technologies
- Electrophotographic technologies and inkjet printing technologies
- Business partner collaborations
- Global procurement and production system

From 2000:

Global Expansion and Integrated Business Management

The Group strengthened its global production base by starting production in Vietnam and establishing a consumables recycling facility in Europe. It also expanded its sales facilities and developed its business foundation globally. It dramatically expanded its business scale as well with a focus on information and communications equipment. The Group also diversified its business, including starting sales of garment printers that utilize inkjet technology and acquiring a mobile printer business. In 2002, the Mid-to Long-Term Corporate Vision was formulated, and then in 2008, the Group revised the Brother Group Global Charter, the foundation for all Brother Group activities, and embodied Brother's motto, "At your side." throughout its corporate culture.



Garment Printer GT-541

Cultivated competitive advantages

- Global business foundation
- Capability to leverage core technologies
- Established corporate culture of "At your side."

From 2010:

Shifting from a Printing-Centered Business Structure to Expansion in the Industrial Area

Aiming for growth in all businesses and regions, Brother promoted global growth across the entire Group. Revenues grew significantly, particularly in the printing business, due to the expansion of business areas including M&A and the establishment of a global procurement and production network supported by the start of production in the Philippines and other factors. However, in the latter half, due to changes in the printing market environment, the Group shifted resources to strengthening its portfolio and focused on expansion into the industrial area. In 2013, Nissel Corporation was made a consolidated subsidiary, strengthening the industrial parts business. In 2015, the Group acquired all the shares of Domino Printing Sciences in the UK and entered the industrial printing business. In addition, the Group strengthened its governance structure by establishing the Nomination Committee and Compensation Committee and formulating the "Brother Group Basic Policies on Corporate Governance."



Coding & Marking Equipment A320i

Cultivated competitive advantages

- Strengthened business portfolio through M&A
- Development and sales capabilities in the industrial printing field
- A governance structure

From 2020:

Accelerating Growth in the Industrial Area and Promoting Management with an Emphasis on Sustainability

The Brother Group Vision "At your side 2030," which outlines Our Purpose, Our Approach, and Our Focus Areas for 2030, is formulated. Aiming for expansion in the industrial area, the Group continues to expand its lineup of industrial equipment and strengthen its sales and service facilities. Production in India begins in 2024. The Group starts offering self-developed coding and marking products. In addition, in order to transform the printing area, the Group is steadily increasing the number of "connected" business subscribers and providing easy-to-implement solutions for Commercial & Industrial labeling. Additionally, the Group has established a structure for promoting management with an emphasis on sustainability, including the establishment of the Sustainability Committee and the identification of materialities.

SPEEDIO U500Xd2-100T
Universal Compact Machining Center

Cultivated competitive advantages

- Business foundation for expanding the industrial area
- Maximizing customer lifetime value through expanding business with continuous ties to customers
- Promotion structure for management with an emphasis on sustainability

The Story of Brother's Value Creation

Brother's Business Structure

Brother Brand Story

We Use the Competitive Advantage We Have Cultivated and Contribute to Improving Our Customers' Productivity and Unlocking Their Creativity through Our Businesses

Industrial area

Nissei Business 2.3%

We precisely accommodate diversifying customer needs in fields such as automation and labor saving, which are expected to grow, and contribute to customer value creation through gearmotors with a wide range of product variations, high stiffness reducers that are the driving force of industrial robots and factory automation equipment, and gears with high precision and quality.

See page 28.



Gearmotor



High Stiffness Reducer



Gear

Industrial area

Machinery Business 7.7%

We help our customers enhance their manufacturing competitiveness and create new value through our products, such as industrial sewing machines that are easy to use, energy-efficient, and capable of high-quality sewing, as well as machine tools that are ideal for machining parts for automobiles, general machinery, and the like.

See pages 26-27.



Machine Tool



Industrial Sewing Machine

Industrial area

Industrial Printing Business 15.7%

Our coding & marking equipment for printing best-before dates and other information on plastic bottles, cans, etc., digital printing equipment responding to high-mix low-volume production and faster delivery of packages, garment printers enabling high-speed printing on fabric, and so forth. By providing these items, we contribute to improved productivity by producers and realization of a sustainable society.

See pages 24-25.



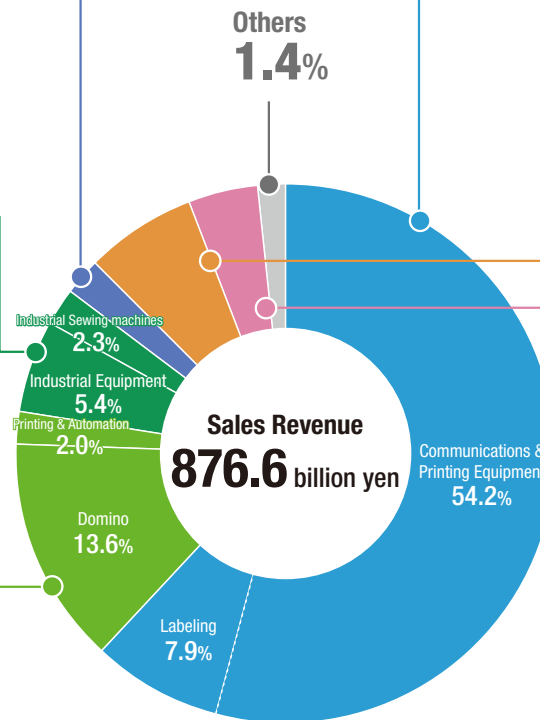
Coding & Marking Equipment



Digital Printing Equipment



Garment Printer



Consumer area Industrial area

Printing & Solutions Business 62.2%

We provide a variety of solutions that meet the printing needs of customers. We respond to the diverse needs of our customers through our products, including an extensive lineup of compact printers and All-in-Ones, as well as a wide range of labeling systems and label printers for both home and commercial use.

See pages 22-23.



Laser All-in-One



Label Printer



Inkjet Printer

Consumer area

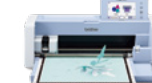
Personal & Home Business 6.5%

We offer products that help customers unlock their creativity, including home sewing machines, home cutting machines, and sublimation printers, as well as new services on the creator support mobile app Artspira, thereby proposing ways to enjoy handicrafts and supporting customers in increasing their lifetime value (LTV).

See page 28.



Sewing and Embroidery Machine



Home Cutting Machine

Consumer area

Network & Contents Business 4.4%

We pursue the creation of new customer value by proposing services, products, and content using the distribution technology that we have cultivated through online karaoke systems as well as by developing and providing JOYSOUND, an online karaoke system for business use.

See page 29.


Online Karaoke System
for Business Use


Entertainment Platform

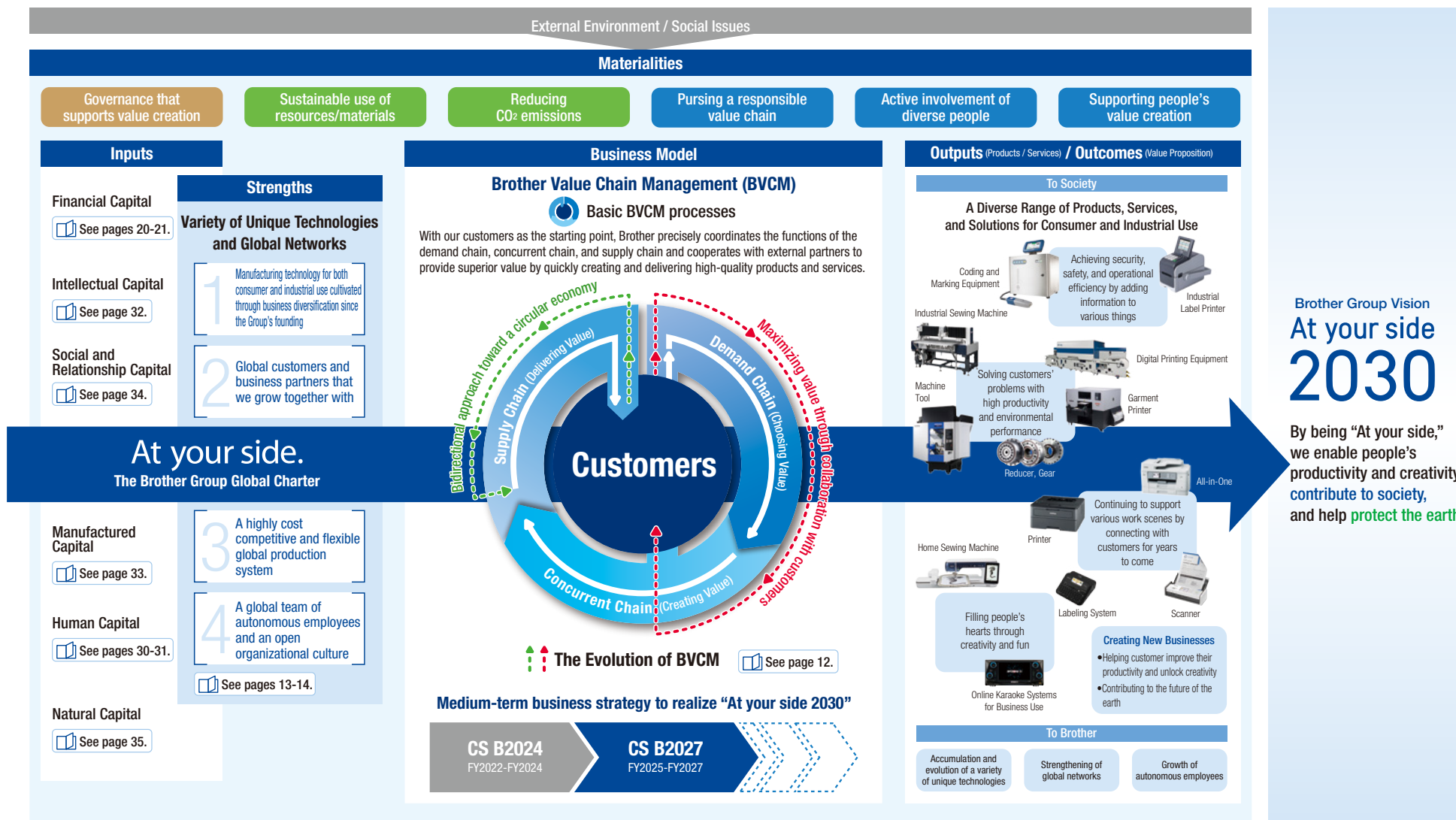


Video Viewing Service

The Story of Brother's Value Creation

Brother's Value Creation Process

We Seek to Contribute to Society, Help Protect the Earth, and Achieve Sustainable Growth by Expanding Customer Value Centered on the Spirit of “At your side.”



At your side.

The Brother Group Global Charter

Manufactured Capital
See page 33.

Human Capital
See pages 30-31.

Natural Capital
See page 35.

3 A highly cost competitive and flexible global production system

4 A global team of autonomous employees and an open organizational culture

Brother Group Vision

At your side

2030

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

The Story of Brother's Value Creation

Brother's Value Creation Process

Business Model for Value Creation: Brother Value Chain Management (BVCM)

The Brother Group considers customer demands and expectations our top priority as our guide for all of our business operations including product planning, development, design, manufacturing, sales, and service, and we have established and practice our unique Brother Value Chain Management (BVCM) system in order to deliver superior value quickly. The Group aims to maximize the value it provides by continuing to evolve with BVCM.

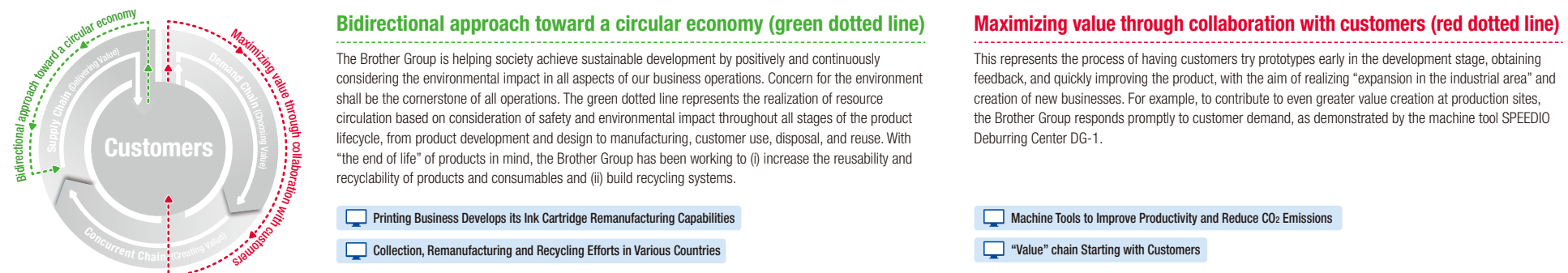
Basic BVCM processes

Brother achieves flexible and swift value creation through BVCM, a process for delivering superior value to customers, consisting of three chains: the Demand Chain, the Concurrent Chain, and the Supply Chain. By accelerating the circulation of this customer-oriented value chain, we are able to quickly deliver superior products, services, and solutions.



Evolution of BVCM

In order to realize the Brother Group Vision's goals of "promoting circular-economy-based business" and "expansion in the Industrial area," we have taken the basic BVCM process (solid white line) and added the green dotted line signifying "Bidirectional approach toward a circular economy" and the red dotted line signifying "Maximizing value through collaboration with customers." Along with the basic process, we will pursue further advancement of these approaches.





The Story of Brother's Value Creation

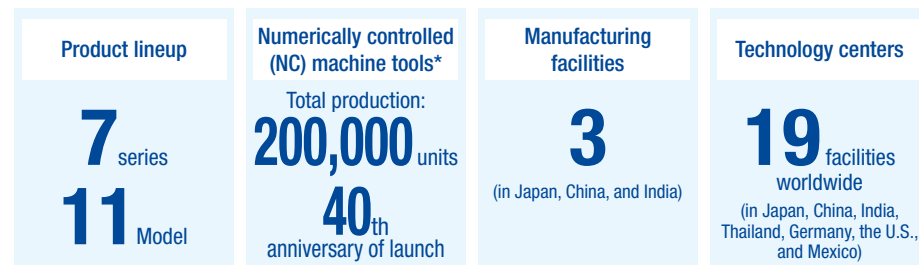
Brother's Value Creation Process

Where Brother's Strengths Lie:

— Examples from the SPEEDIO —

By leveraging its global production system and long-developed technological prowess, Brother quickly offers value to its customers with the SPEEDIO, a machine tool that combines high productivity with energy-saving features.

In this chapter, employees involved with the SPEEDIO provide vivid examples of the four strengths of Brother shown in the Value Creation Process.  See page 12. (Affiliations and titles are as of the time of the interview.)



* NC machine tools here denote the CNC Tapping Center and SPEEDIO.

1 Manufacturing technology for both consumer and industrial use cultivated through business diversification since the Group's founding

Materializing customers' wishes into new products through teamwork

During the "CS B2024" period, we simultaneously developed multiple models, including the H series for processing large and diverse parts, the U Series for processing complex-contoured objects, and the first small machine tool model to have a capacity of 100 tools mounted, as well as a Deburring Center. Since being launched during that period, all these models have met with a positive customer response.

One of the key factors behind our success in developing these products was the appointment of young leaders and collaboration between staff members both inside and outside the Development Department. We have a review meeting every week, where we candidly brainstorm themes brought by each other, regardless of differences in age or department, in order to hone ideas from diverse perspectives. This meeting not only helps us solve problems but also supports the growth of young staff. The second key factor was to modularize parts

and standardize the designs of component parts in order to increase the efficiency of our development work. The third factor was to detect customer needs by actually visiting them. Over a period of more than 10 years before then, we had detected strong demand for high-mix, low-volume production, and we had been mulling over an idea for a small machine tool model that could be mounted with 100 tools. The COVID-19 pandemic changed people's values and increased demand for high-mix, small-lot production, allowing us to rapidly commercialize this product, of which we are very proud.



Nobuaki Ishibashi
Group Manager
Machine Tools Development Dept.

 U500Xd2-100T

 Blue Technology of SPEEDIO



Stable quality and worker training through B-PACS, a digital production assistance system

B-PACS is a digital production assistance system built at the Kariya Factory. We have focused our efforts on introducing and operating this system at our company, Brother Machinery Xian Co., Ltd. Previously, work managers used a paper checklist with more than 100 pages for process management. However, B-PACS has enabled digitalized process management, allowing us to go paperless and manage progress and quality in real time. The system automatically records measurement data, such as data on screw tightening, resulting in a significant reduction in work errors. In addition, now that traceability and labor-hour management are also digitalized, we can quickly detect the causes of defects and take countermeasures.

Meanwhile, workers can confirm the entire work process on tablets and view the details of their work in a quantified form, so they can precisely do their work without uncertainty. This has also helped shorten the period of onboarding training. Skilled workers who have mastered high-quality production techniques throughout the entire production process aim to further increase their skills at Takumi Dojo.



Zhang Jun Zhi
Deputy Department Head (left)
Liu Meng
Section Head (right), Production Dept.,
Brother Machinery Xian Co., Ltd.

 Takumi Dojo

2 Global customers and business partners with whom we grow

A global network and support system that assists customers in their business growth efforts

We sell our products through agents both inside and outside Japan, and have established sales systems tailored to regional characteristics. For example, when our Japanese corporate customers select machine tools to be used at their factories outside Japan, we need to have them confirm and agree on test processing, quality, costs, the delivery date, the maintenance system, etc. in Japan. In the event of a post-delivery defect, we place high importance on sending our local staff to visit the customer to accurately understand the feedback from both the customer and agent and quickly identify and resolve the problem the customer faces. If our local staff cannot visit the customer or address the problem by themselves, our sales staff in Japan and the customer's staff in charge of the factory outside Japan works with our local staff via online meetings or other means so that necessary

responses can be implemented as promptly as possible. We also regularly exchange information with Brother service facilities and agents both inside and outside Japan, sharing best practices and unsolved challenges globally. In Japan, we have achieved 90% recovery from machine breakdowns within 48 hours, and we hope to expand this achievement worldwide. We will further enhance our global support system and strengthen the foundation for growth under "CS B2027" in the Machinery Business to build long-term relationships of trust with our customers.



Osamu Hayashi
Team Manager (left)
Takashi Yasui
Team Manager (right)
Machine Tools Sales Dept.



The Story of Brother's Value Creation

Brother's Value Creation Process

Where Brother's Strengths Lie:

— Examples from the SPEEDIO —

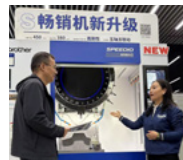
Making customers Brother fans and partnering with them in their problem-solving and growth

As a salesperson, I sell Brother machine tools with confidence and pride, as they excel in productivity and consistent quality.

One of our customers, a parts manufacturer, introduced 600 units of Brother products over five years to match their own ongoing growth. We not only accommodate customers' requests to meet short delivery deadlines and provide them with prompt support in the case of a machine failure, but our sales, technical, and service staff also always work together to approach key persons in equipment introduction at customers by holding technical networking events and on-site educational programs. We have therefore been making efforts to make our customers Brother fans by providing them with the opportunity to experience and learn more about the high customer value of Brother products. We have built such close relationships with customers that they feel they can rely on

us when a problem occurs, believing, "We can resolve it just by asking Brother." I believe that these relationships inspire them to place a high priority on Brother products when they consider introducing new equipment. The corporate customer I mentioned earlier says that the company will probably eventually have 1,000 units of Brother products.

The growth of our customers makes me happy. As a fan of Brother products myself, I will continue to do my best to support our customers.



Lu Xia
Manager
Brother Technology Center Dongguan,
Brother Machinery Shanghai Ltd.

Technology Centers

3 A highly cost competitive and flexible global production system

QKY* and cost reduction activities in partnership with suppliers

We work with our business partners (suppliers) on QKY activities and cost reduction activities. For example, working with sheet metal suppliers, we predicted quality risks, such as adhesion of unnecessary paint and welding in the wrong direction and thoroughly implemented specific countermeasures, such as masking and jigging. This resulted in a significant decrease in the number of abnormalities identified and quality improvement. These activities have contributed to increasing the appeal of doing business with Brother and strengthening of our relationships of trust with customers. In addition, we are also focusing on sustainable medium- to long-term cost reduction activities, rather than seeking short-term results, enabling flexible responses while broadening our choice of sourcing channels through local sourcing, exploration

for new suppliers, etc. Cooperation with our business partners in these cost reduction activities enables us to grow together and create new business opportunities

We will continue to value building trust-based relationships with our business partners while growing together with them to achieve the common goal of creating value for our customers.

* Activities for predicting and preventing quality-related danger, aimed at supplying high-quality parts by predicting defects during the production, storage, and delivery of parts and taking measures to address them



Yuto Furuta
Department Head (center)
Yang Lina
Section Head (left)
Pan Tao
Subsection Head (right)
Production Dept., Brother
Machinery Xian Co., Ltd.

4 A global team of autonomous employees and an open organizational culture

Putting into operation a factory in India through global teamwork

Brother Machinery India Private Ltd., which started operating in December 2024, is the first Brother Group factory dedicated to machine tools. We made the most of the know-how we have developed in Japan and China in establishing factories to prepare for the start of the Indian factory's operation while addressing various challenges, such as building systems for parts procurement and production management and communicating with and training local staff. Even after the new factory began operations, the three factories in Japan, China, and India have continued to work together as a global team, with the Japanese and Chinese factories sending important parts to

India, for instance. Each of them is committed independently to pursuing the common goal of achieving the growth of the entire Industrial Equipment Business. In India, we are in the process of continuing to strengthen collaboration between Sales and Production. Staff of the Indian factory appear to have a strong sense of mission to definitely produce positive results, reassuring us about their reliability.



Kyouhei Koyama (right)
Yuki Hayashi (left)
Production Dept.

Troublesome deburring work now mechanized after the passionate seven-year efforts of a proactive employee

Seven years ago, at Terry's Challenge Academy, I proposed using Brother's technologies to develop a solution to troublesome, hard-to-mechanize deburring work. That was a starting point for me to produce an idea that led to the Deburring Center, a processor dedicated to deburring, and serve as the project leader.

Since there was no machine based on the same concept on the market, we produced many prototypes while listening to customer feedback to refine the specifications and functions of the tool. Initially, even within the Company, some people voiced doubts about the project. However, I continued to work with project team members while thinking: "I'll regret it if I don't take up this challenge. I'll definitely achieve a good result." Once we began to hear staff outside the project team say, "This is great. I think it will sell well," we were able to significantly advance the project. We finally succeeded in creating a product

that made customers say, "This is the machine I've been looking for." I was able to have the unforgettable experience of taking on the challenge of developing a product from scratch with my teammates, each of whom grew with me while facing difficult problems but demonstrating their own strengths. I'm deeply grateful to have been able to have such an experience.

* A training program in which Director & Chairman Toshikazu Koike serves as an instructor and supports employees' efforts to take on new challenges. "Terry" is the nickname of Chairman Koike, who came up with it himself from the initial "T" of his first name while he was stationed in the U.S. Brother has a culture of using "san," an honorific suffix with a friendly tone, rather than titles, when addressing people. Therefore, he is referred to as "Terry-san" rather than "Chairman Koike."



Hiroyuki Tanakar
Team Manager (front row,
center), Machine Tools
Development Dept.

Terry's Challenge Academy

Deburring Center DG-1

Review of “CS B2024”

Outline of “CS B2024”

In the medium-term business strategy “CS B2024 (FY2022-FY2024)”, we have aimed for business portfolio transformation and management foundation transformation, where the latter supports the former.



“CS B2024” achievements and issues for the key themes

	Achievements	Issues
Towards expansion in the industrial area	- Industrial Equipment: Expansion of product lineup, strengthening of manufacturing, sales, and service facilities. - Domino Business: Stable growth in C&M products. - Garment printers: Introduction of new products and services.	- Strengthening of execution capabilities for initiatives that drive discontinuous growth. - Optimal allocation of resources, sharing of technological assets, and acceleration of decision-making to continuously enhance inkjet technology. - Strengthening of talent acquisition, development, and organizational capabilities
Towards transformation in the printing area	- Steady performance in consumables contributing to overall company revenue. - Steady increase in subscribers for businesses with continuous ties to customers. - Sales revenue and operating profit growth in the Commercial & Industrial Labeling Business.	- Provision of customer value and revenue contribution in businesses with continuous ties to customers. - Creation of winning strategies for further growth in the Commercial & Industrial Labeling Business and expansion into new domains.
Towards the business portfolio of the future	- Use of inkjet technology across businesses and expansion into new products and services. - Expansion of the lineup of spot coolers	- Expansion of inkjet technology applications and strengthening of technological capabilities. - Acceleration of growth of air conditioning and air purification businesses.
Management foundation transformation for a sustainable future	- Achievement of the FY2024 CO₂ reduction target. - Strengthening of functions and addition of multiple functions at factories. - Increase in RBA-certified facilities. - Formulation of the Human Resource Policy and reform of the human resources system^{*3}. ^{*3} Brother Industries	- Acquisition of environmental technologies for long-term CO₂ reduction. - Enhancement of supply chain resilience while maintaining cost competitiveness. - Strengthening of talent foundation to achieve business portfolio transformation.

Results for FY2024 and assumptions for “CS B2024” targets

	Results	Financial targets
Sales revenue	876.6 billion yen	800 billion yen (954 billion yen)*1
Operating profit ratio	8.0%	Over 10%
ROE	8.1%	Over 10%
Exchange rate	Results	Exchange rate assumptions
	1USD=152.48JPY 1EUR=163.62JPY	1USD=108.00JPY 1EUR=125.00JPY (1USD=145.00JPY) ^{*2} (1EUR=155.00JPY)

*1: Reference values with exchange rate conversion for “CS B2024” *2: Reference exchange rate conversion for “CS B2024”

Due mainly to increased sales in the P&S Business and positive foreign exchange effects, sales revenue reached a record high, and profits also increased for various product categories. Although sales revenue reached a record high, it fell short of the target of 800 billion yen, which was converted to 954 billion yen at the exchange rates as of March 2025 (USD = 145 yen, EUR = 155 yen), when “CS B2027” was announced. Operating profit and ROE also fell short of our targets.

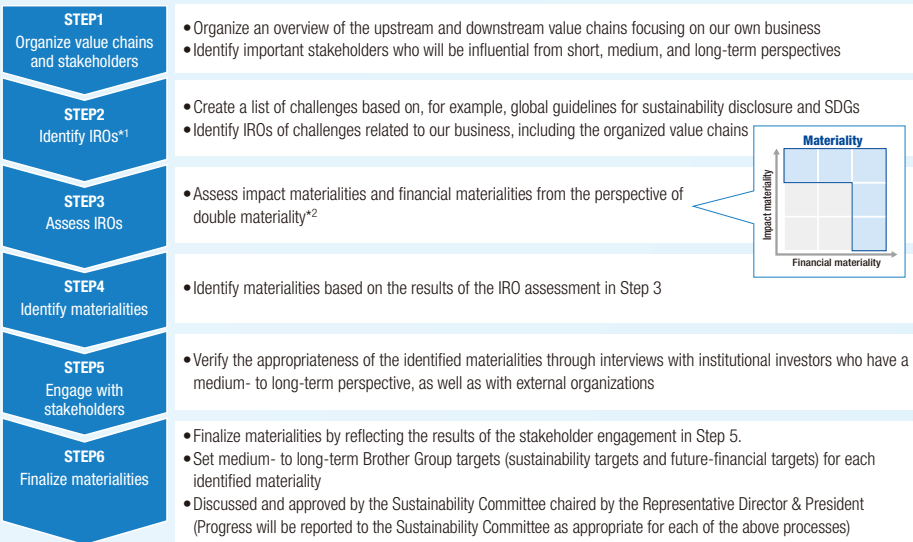
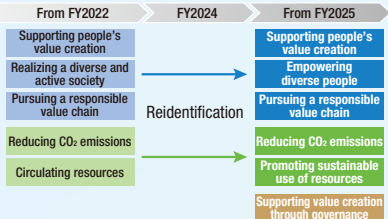
New Materiality / Identification Process

The Brother Group aims to “Contribute to society” and “Protect the earth”, as outlined in the “Our Purpose” statement in its Vision, “At your side 2030,” and to this end, has identified six materialities. The aim is to find solutions for these six to further enhance the Group’s management with an emphasis on sustainability.

Redefining Materiality

The Brother Group identified five materialities in the formulation of its medium-term business strategy, “CS B2024” (2022). In response to environmental changes and increasing societal demands, the Group reidentified six materialities together with the formulation of our medium-term business strategy, “CS B2027” (2025).

This reidentification newly added a materiality related to governance. While the Group has been working to strengthen its governance, it has come to recognize the importance of continually reviewing and implementing governance practices that support appropriate risk-taking in order to accelerate the transformation of its business portfolio. For this reason, after discussion at the Sustainability Committee and dialogue with all stakeholders, the Group has also identified “Supporting value creation through governance” as a materiality to emphasize its importance.

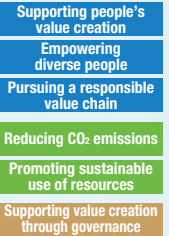


^{*1} Impacts, risks, and opportunities

^{*2} The concept of identifying key issues from two perspectives: the impact that corporate activities have on society and the environment (impact materiality), and the impact that society and the environment have on corporate development, business performance, and financial status (financial materiality)

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



Materialities and Sustainability Targets

Materiality	CS B2027 policies and sustainability targets
Supporting people's value creation	Maximize the value provided to customers based on the social raison d'être of each business and its position within the business portfolio.
Empowering diverse people	- Improve employee engagement on a global basis. - Promote the active roles of diverse talent tailored to the conditions and challenges of each facility and region. - Strengthen the talent portfolio in key areas. See pages 30-31.
Pursuing a responsible value chain	- Enhance the effectiveness of human rights risk assessments across the entire value chain. - Continuously obtain RBA certification at key factories. See page 34.
Reducing CO ₂ emissions	[Scopes 1 and 2^{*1}] Reduce CO₂ emissions by 56% compared to the FY2015 level. [Scope 3^{*1}] Reduce CO₂ emission intensity^{*2} by 25.2% compared to the FY2022 level. See page 35.
Promoting sustainable use of resources	Reduce resource intensity^{*3} by 16.9% compared to the FY2022 level. See page 35.
Supporting value creation through governance	Reform governance to support business portfolio transformation.

^{*1} Scope 1,2,3

Categories of greenhouse gas emission sources: Scope 1 refers to direct greenhouse gas emissions by business operators; Scope 2 refers to indirect greenhouse gas emissions resulting from use of electricity, heat, and steam supplied by other entities; and Scope 3 refers to indirect greenhouse gas emissions other than Scopes 1 and 2 (emissions by other entities related to the activities of business operators)

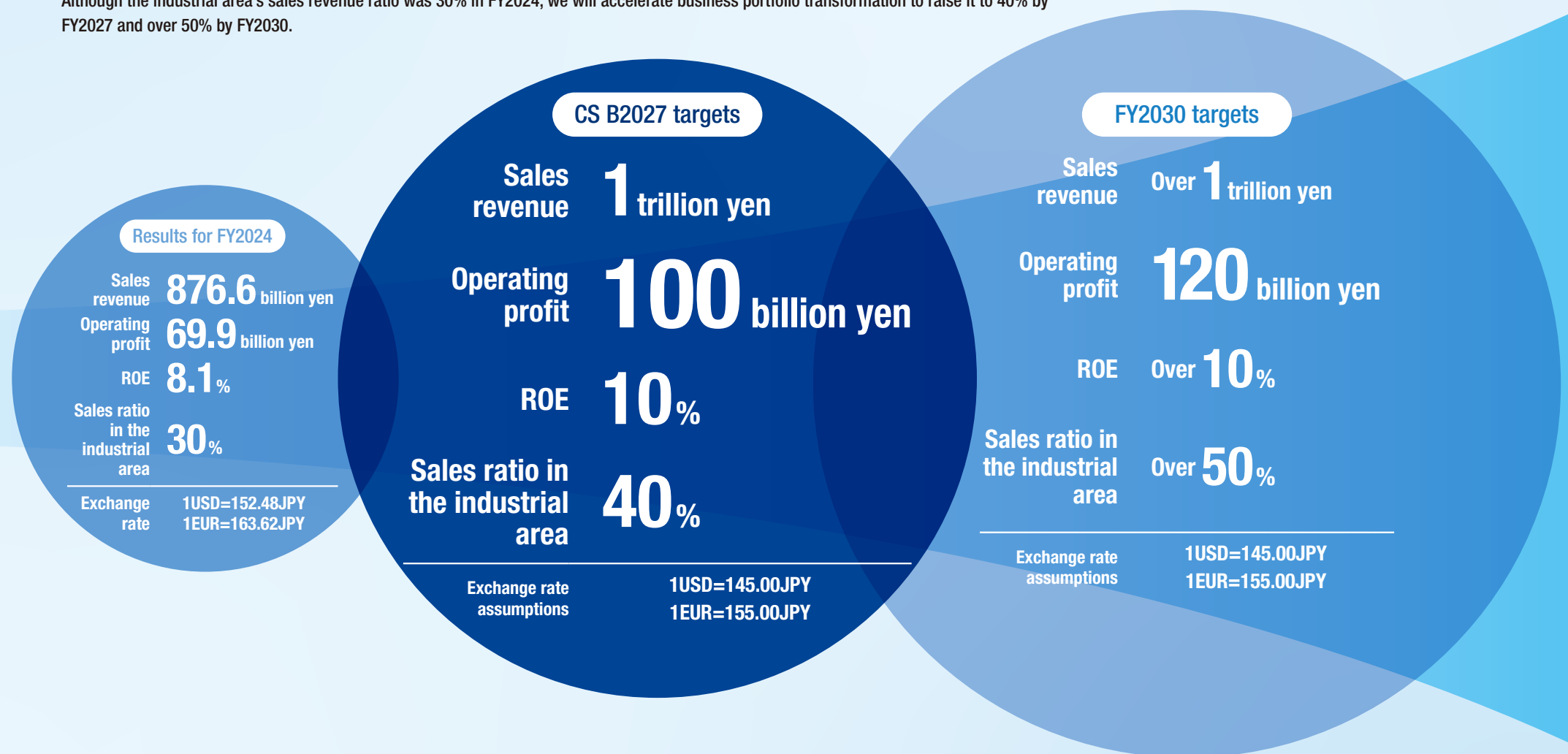
^{*2} CO₂ emissions per unit of sales revenue

^{*3} Virgin material usage per unit of sales revenue

Results for FY2024 / “CS B2027” targets / FY2030 targets

Financial Targets of “CS B2027” and the Brother Group Vision “At your side 2030”

The top-priority financial target for “CS B2027” is to achieve an operating profit of 100 billion yen, the same as the FY2030 target. We aim to raise ROE to over 10% by executing business strategies for each business and increasing shareholder returns. As a milestone toward realizing the Brother Group Vision for FY2030, we aim to achieve a sales revenue of 1 trillion yen and raise the industrial area’s sales revenue ratio to 40%. Although the industrial area’s sales revenue ratio was 30% in FY2024, we will accelerate business portfolio transformation to raise it to 40% by FY2027 and over 50% by FY2030.



Medium-Term Business Strategy | Overall Policy

“CS B2027” Outline and Roles of Businesses

The theme of “CS B2027” is “Creating our future. Boldly.” This demonstrates our determination that all employees will continue to proactively take on new challenges and take bold action to pave the way to the future without being satisfied with the status quo.



“CS B2027” Outline — Accelerate business portfolio transformation to improve profit-generating capabilities —

Clarification of the role of each business and investment policies	• 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	• 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	• 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	• Implement management with a focus on capital cost and share prices to enhance TSR 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)

Roles of Businesses — Clarify business roles and optimize the allocation of management resources to improve profit-generating capabilities —

	Businesses	Roles
Growth business	Machinery Business : Industrial Equipment  See pages 26-27.	Achieve discontinuous sales revenue growth through growth investments to establish future business pillars.
	Industrial Printing Business  See pages 24-25.	
	New businesses  See page 29.	
Core business	Printing & Solutions Business Communications and Printing Equipment / Home & Office Labeling  See pages 22-23. Commercial & Industrial Labeling  See pages 22-23.	Maximize sales revenue and operating profit while sustaining the company and driving business transformation for future opportunities.
Profit-driven business	Personal & Home Business  See page 28.	Contribute to overall company profit while maintaining a balance between sales revenue and operating profit.
	Nissei Business  See page 28.	
Profitability transformation business	Machinery Business : Industrial Sewing Machines  See page 26.	Transform revenue structure to ensure steady profit contribution.
	Network & Contents Business  See page 29.	

* The garment printer-focused business, which was included in the Industrial Sewing Machine Business of the Machinery Business Division, has been changed to a sub-segment called the Printing & Automation Business and has been integrated with the Domino Business to form a new segment called the Industrial Printing Business since FY2025.

* The industrial area includes the Industrial Equipment, Industrial Sewing Machine, Nissei, Domino, and Printing & Automation Businesses, as well as the Commercial & Industrial Labeling Business in the P&S Business.

Cash Allocation and Strategic Investments (M&A) Policy

Cash allocation See pages 20-21.

Use operating cash flow generated by business growth as well as interest-bearing debt to implement growth investments (200 billion yen), including M&A and alliances, and strengthen shareholder returns.

Cash allocation (total for FY2025 to FY2027)



*Actual operating CF = Operating CF - lease obligation payments

Strategic investments (M&A) policy

Strengthen the foundation and organizational capabilities necessary to achieve growth in the industrial area through proactive M&A and alliances.



Financial Strategy

We will accelerate the transformation of our business portfolio and increase shareholder value by making proactive growth investments while balancing these with shareholder returns.

Review of the Medium-Term Business Strategy “CS B2024”

In FY2024, the final year of our medium-term business strategy “CS B2024,” sales revenue reached a record high of 876.6 billion yen, and profits inside-ranging categories also increased, mainly due to increased sales as the effect of price adjustments for consumables in the P&S Business and positive foreign exchange effects. Meanwhile, against the financial targets for “CS B2024,” although we achieved our sales revenue target of 800 billion yen, we did not reach the target level in real terms when excluding the positive effects of the weaker yen. The operating profit ratio and return on equity (ROE) both fell short of the target of 10% or more, at 8.0% and 8.1%, respectively.

The biggest reason for this failure to meet targets was delayed growth in the industrial area, which is centered around industrial equipment. Sluggish demand for capital investment in automobiles and general machinery in China, in particulars a major market for machine tools, had a significant impact. Even operating in this environment, however, we did not slacken our capital and development investments and steadily planted seeds for significant future growth. Strengthening of sales facilities in priority regions and significant expansion of our product lineup, which were implemented under “CS B2024,” will surely lead to increased sales under the next medium-term business strategy, “CS B2027.” In the P&S Business, despite an increasing shift to paperless offices, we were able to maintain a stable revenue base thanks to factors such as the growing trend toward shifting from centralized printing with a large A3 copier to decentralized printing with small A4 printers placed in multiple locations, and the fact that sales of consumables remained solid as the number of units in operation in the market was maintained due to longer product lifespans. Going forward, we will further promote initiatives to maximize benefits for both customers and Brother by connecting with our customers through contract-based businesses and other means.

In FY2025, while the future of the global economy, including U.S. tariff policies, is uncertain, we will take Group-wide measures to minimize the impact on profits.

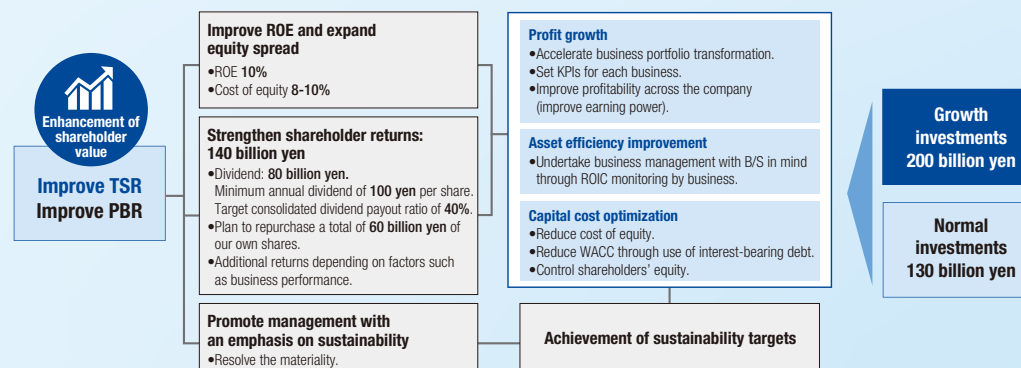
Toward Enhancement of Shareholder Value

The Brother Group promotes business management with an eye to the cost of capital and the share price, aiming to achieve long-term and continuous enhancement of shareholder value. “CS B2027,” launched in FY2025, aims to improve total shareholder returns (TSR) and the price book-value ratio (PBR) as indicators for measuring shareholder value.

Regarding the current situation, PBR was 1.0 as of the end of FY2024, but TSR (including dividends) was 185.6% over the past five years, falling short of TOPIX’s 213.4%. In addition, ROE for FY2024 was 8.1%. Given the current cost of equity (8-10%), we have not been able to secure a sufficient equity spread.

Based on this understanding, under “CS B2027,” we will first seek to achieve profit growth by accelerating the transformation of our business portfolio through aggressive growth investments. In order to improve ROE, we believe the top priority should be to enhance our profit-generating capabilities through business growth. Additionally, we will also work to enhance asset efficiency through ROIC monitoring by business, and optimize the cost of capital by utilizing interest-bearing debt and controlling shareholders’ equity. Through these measures, we aim to increase ROE to 10% and expand our equity spread. At the same time, we aim to increase shareholder value by significantly strengthening shareholder returns and further promoting management that emphasizes sustainability. Specifically, under “CS B2027,” we are aiming a TSR of 100% or more compared to the TOPIX. As for PBR, 1.0 is just a transit point and we must continue to aim for higher levels.

Overview of the shareholder value enhancement strategy



Medium-term Business Strategy | Policy

Financial Strategy

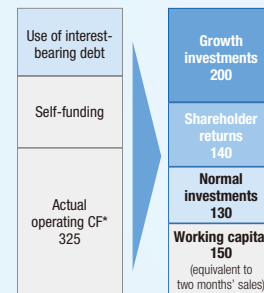
Cash Allocation

Under “CS B2027,” we will significantly expand the scale of growth investments and shareholder returns. We expect to generate 325 billion yen in actual operating cash flow from business growth over the three-year period. In addition to this, we plan to utilize internal funds and interest-bearing debt to fund investments and shareholder returns.

We plan to execute growth investments of approximately 200 billion yen, of which 150 billion yen will be allocated to strategic investments in M&A and alliances, and 50 billion yen will be allocated to investments in a management foundation that will support growth, including strengthening inkjet development and manufacturing technologies, and reinforcing sales and service facilities in the industrial area. When making investments, we are conscious of the cost of capital and the efficiency and speed of investment returns. We determine investments comprehensively by considering the consistency of the purpose and significance of the investment with our medium- to long-term direction, the future impact of the investment on earnings and funds, and various investment decision indicators, such as the internal rate of return (IRR), return on investment (ROI), and payback period for invested capital. Regarding shareholder returns, we plan a significant increase, totaling 140 billion yen over three years (80 billion yen for dividends and 60 billion yen for repurchase of own shares).

We will accelerate the transformation of our business portfolio while striking a balance between growth investments and shareholder returns.

Cash Allocation (Total for FY2025 to FY2027 / Billion yen)

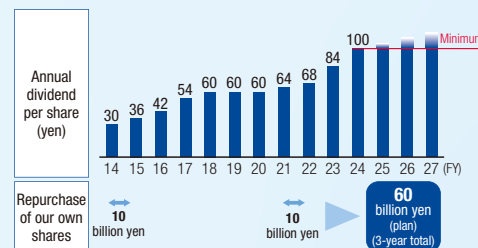


* Actual operating CF = Operating CF - lease obligation payments

Strengthening Shareholder Returns

The Brother Group's basic policy is to provide stable and continuous shareholder returns. Under “CS B2027,” we will raise the minimum dividend level to 100 yen per share per year, with a target dividend payout ratio of around 40%. We also plan to purchase our own shares totaling 60 billion yen over three years. In addition, we will consider additional shareholder returns depending on business performance and other factors.

Based on this policy, we are proceeding with the repurchase of our own shares up to a maximum of 20 billion yen in FY2025 in order to improve shareholder returns and capital efficiency and implement a flexible capital policy.



Message from the Managing Executive Officer in Charge of the Finance & Accounting Dept.

We will accelerate business portfolio transformation by expanding growth investments, while also working to strengthen dialogue with our stakeholders.

Akira Nakashima

Executive Officer: Responsible for the Finance & Accounting Dept.

In formulating “CS B2027,” based on the opinions and suggestions we received regarding our management, we have strengthened shareholder returns and growth investments, and have newly incorporated TSR into our financial targets as a stock price indicator. Regarding shareholder returns, with a strong desire not to cut dividends, we have continued to increase or maintain dividends for 16 years since the global financial crisis. We will continue this practice and further strengthen shareholder returns under “CS B2027.” Specifically, in addition to raising the minimum dividend level, we have indicated a target dividend payout ratio and set the amount of our own shares to be repurchased during the three-year period of “CS B2027.” Meanwhile, we recognize that delays in business portfolio transformation, particularly the expansion of the industrial area, are a major management issue. We plan to set aside 200 billion yen for growth investments to realize our business portfolio transformation, of which 150 billion yen will be allocated to strategic investments such as M&A. We also plan to utilize interest-bearing debt as a source of funds for strategic investments, leading to lower costs of capital.

In order to implement business management that is conscious of the cost of capital and the share price, in addition to holding discussions at management meetings and other forums, it is crucial to raise the awareness of each and every employee. Based on this idea, at the “CS B2027” kick-off meeting, attended by approximately 5,000 Brother Group employees, we explained the concept of cost of capital, as well as the trends and meaning of stock prices and various other indicators, and the reasons why we place importance on them.

Furthermore, in order to reduce the cost of capital and improve PBR, we believe it is important to eliminate information asymmetry and foster expectations for the future of our company by providing timely and appropriate information and engaging in dialogue with analysts and investors. We are planning to communicate information more proactively, for example, on how the P&S Business, our core business that supports the Company's overall profits, can survive and continue to secure profits in an increasingly paperless society, how we are trying to achieve substantial growth in industrial equipment, and the strengths and growth potential of our Industrial Printing Business. In addition, we would also like to strengthen stakeholder engagement involving executive officers.

In order to further increase our share price, we believe it is of the utmost importance to steadily implement business portfolio transformation and have it widely recognized as an achievement. Based on this belief, we will accelerate business portfolio transformation and strengthen our engagement with capital markets to enhance the market's valuation of the Company, leading to increased corporate value over the long term.



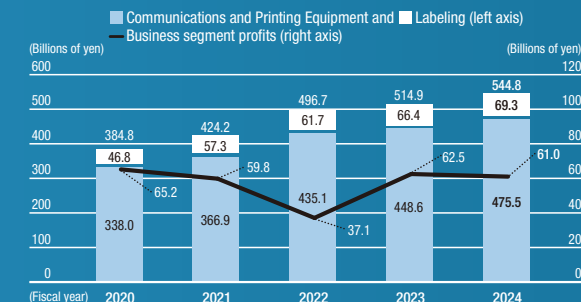
Medium-term Business Strategy | Business Strategy

Printing & Solutions Business

We provide a variety of solutions that meet the printing needs of customers. We respond to the diverse needs of our customers through our products, including an extensive lineup of compact printers and All-in-Ones, as well as a wide range of labeling systems and label printers for both home and commercial use.



Trend of Revenue & Business Segment Profits



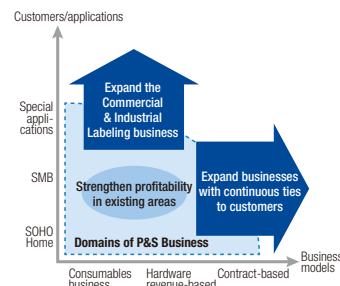
To continue to support the entire Company as its core business, we will work to both strengthen profitability and accelerate business transformation.

Satoru Kuwabara

Representative Director & Executive Vice President
Head of Printing & Solutions Business Division

The Printing & Solutions (P&S) Business accounts for approximately 60% of the Brother Group's sales revenue and plays the role of a core businesses in the Group's management. In "CS B2027," the areas of "Communications and Printing Equipment" and "Home & Office Labeling," which deal in printers, All-in-Ones, and labeling system for office and home use, are positioned as core businesses that support the foundation of sales revenue for the entire Company. In addition, positioning the area of "Commercial & Industrial Labeling" as a growth business with potential for discontinuous sales growth, we are aiming for further business expansion in this area. We are confident that the P&S Business will play a significant role in achieving the Company-wide financial target of operating profit of 100 billion yen. [See page 17.](#)

In "CS B2027," the P&S Business has set a target of achieving an operating profit of 55 billion yen for FY2027 in order to maintain its current scale of sales revenue. At first glance, this target appears to be a decrease from the FY2024 operating profit of 58.9 billion yen, but when foreign exchange rates are taken into account, it is actually the same level as FY2024, and when sales revenue is considered in the same way, the operating profit target even exceeds the FY2024 level. Reaching this target will require us to not only strengthen our profitability in existing areas by means such as increasing our cost competitiveness [See page 23.](#) but also to achieve a business transformation consisting of two parts: expansion of business with continuous ties to customers [See page 23.](#) and expansion of the Commercial and Industrial



Labeling Business [See page 23.](#) We implemented these measures under the previous medium-term business strategy, "CS B2024," and we will further accelerate them under "CS B2027."

The printer industry is facing a tough business environment with headwinds, such as the shift to paperless lifestyles. However, I believe that a favorable wind is now blowing for Brother's new growth. I will continue to drive the P&S Business by ensuring speedy implementation of the strategies defined in "CS B2027" while appropriately reviewing the priorities in response to changes in the business environment with the aim of achieving sustainable growth and transformation of the business.

**Key indicators
(Operating profit)**

FY2024 result
58.9 billion yen

FY2027 target
55.0 billion yen

Growth business

Core business

Profit-driven business

Profitability transformation business

* The Commercial & Industrial Labeling Business is positioned as a growth business.

Strengths**Common to both areas**

- A manufacturing process that integrates planning, development, design, manufacturing, and sales globally without barriers
- Ability to provide services tailored to the needs of customers in various countries and regions by leveraging our sales and service facilities worldwide

Communications and Printing Equipment Business

- Ability to identify needs from an appropriate and unique perspective
- Ability to ensure product reliability, such as ease of use, long lifespan, and high quality, cultivated over many years

- Proprietary technologies in printing of three kinds: ink, laser, and thermal printing
- Development and manufacturing know-how developed with A4 printers, our main products, whose share is growing in the market for business-use printers
- Cost competitiveness

Labeling Business

- Knowledge as a pioneer in the industry
- Extensive lineup of high-performance labels
- Product and software development capabilities that continue to meet customer needs

Opportunities

- Market trends favorable to our position as a company focused on A4 printers, such as the trend toward decentralization of office functions due to the spread of satellite offices and remote work
- Expansion of the consumables business

- due to extended product lifetimes
- Expansion of the Commercial & Industrial Labeling market due to improved efficiency and automation of labeling and increased demand for traceability

Risks

- Decrease in print volume and sales of devices and consumables due to an accelerating shift away from paper

- Increasingly intense competition due to the rise of emergent manufacturers
- Decline in the ratio of genuine consumables sold in e-commerce

[See page 46.](#)

Challenges and solutions

- Realizing resource circulation with a view to contributing to a sustainable society

⇒ Promoting environmentally friendly design and accelerating the collection and recycling of used products through "ties-focused" measures

- Further expanding our share in the inkjet printer market

⇒ Implementing measures to increase brand awareness in the European and U.S. markets

- Accelerating the shift to a business model with continuous ties to customers

⇒ Strengthening the foundation and mechanisms for our continued provision of value

- Increasing our presence in the market for products of business use targeting corporations

⇒ Enhancing our capabilities in developing proposals by means such as expanding contract-based services

- Enhancing our capabilities in developing proposals in order to expand our Commercial & Industrial Labeling Business

⇒ Focusing our efforts on products for applications in which Brother excels and is expected to achieve future growth and expanding our lineup of consumables



Medium-term Business Strategy | Business Strategy

Printing & Solutions Business

As a core business, we will not only strengthen our profitability in existing areas but also expand business with continuous ties to customers and the Commercial and Industrial Labeling Business, thereby innovating on our business models and accelerating business transformation.

Strengthening Profitability in Existing Areas

We will strengthen profitability in existing areas to contribute to generating sales and profits and continue to support the entire Company as a core business. Specifically, we will make constant efforts to strengthen our cost competitiveness, one of our strengths, in terms of both manufacturing costs and selling, general and administrative expenses. We will also work to increase the number of units in operation in the laser and inkjet printer markets.

In the laser printer market, we have already established high brand awareness and a unique position mainly in the SOHO*¹ market. However, we believe there is still room for expansion into the SMB*² market, as well as the market of larger companies. Going forward, we will work with various partners to capture new large-scale customers and expand our contract-based business, thereby increasing the number of units in operation and maintaining and increasing our presence.

Given that the inkjet printer market is expected to continue to grow steadily, we believe there is ample room for us to expand our market share. Therefore, we will strengthen our lineup by introducing new products, such as inkjet printers for business use and ink tank models, primarily targeting customers with high printing volumes. Additionally, we will adopt measures to improve brand awareness in developed countries while, in emerging countries, implementing sales strategies tailored meticulously to the characteristics of each area. By so doing, we aim to increase our market share and acquire more customers who use genuine consumables frequently.

*1 Abbreviation of "small office/home office," which denotes sole proprietors, freelancers, small companies, etc.

*2 Abbreviation of "small- and medium-sized businesses," which include small offices, small- and medium-sized businesses, and businesses with offices in multiple dispersed locations

Expansion of Businesses with Continuous Ties to Customers

By achieving a synergetic effect between the aforementioned increase in the number of units in operation and businesses with continuous ties to customers, we aim to create benefits for both customers and Brother and maximize customer lifetime value (LTV). "Tying" means creating a state of direct communication with customers who use our products and services and continuing to provide superior customer experience and value. We aim

to achieve business transformation by shifting from a conventional business model of one-time sales to one with continuous ties to customers, through MPS* in the B2B area and subscription services and membership benefit programs in the B2C area.

The benefits brought by "being tied"

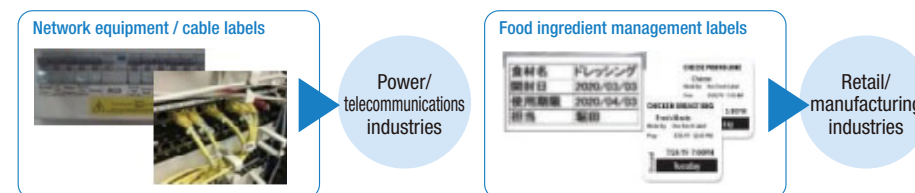


* Managed Print Services: Print services for corporate customers that can optimize functions and pricing plans for each customer

Expansion of the Commercial & Industrial Labeling Business

In the Commercial & Industrial Labeling market, which is expected to grow, we aim to transform into a more sustainable business by providing solutions tailored to our customers' business operations and on-site needs. We have a wide range of labeling equipment, which can be used for a wide variety of purposes. In formulating "CS B2027," we selected the applications we will focus on going forward from those available. By selecting labeling equipment and consumables to suit these applications and combining them with services, we will provide solutions that are easy for customers and channel partners to implement. We also aim to maximize profits by expanding our lineup of consumables to meet customer needs.

Examples of focused applications



Progress in FY2025

- We increased the number of "tied" units of products, promoted primarily in the European and U.S. markets, as planned.
- In the Commercial & Industrial Labeling Business, we enhanced our ability to provide solutions that match the industries and uses of our customers, expanding the business in terms of both sales and profits.
- In the market for business-use inkjet printers, one of our Focus Areas, we revamped our lineup of products globally.



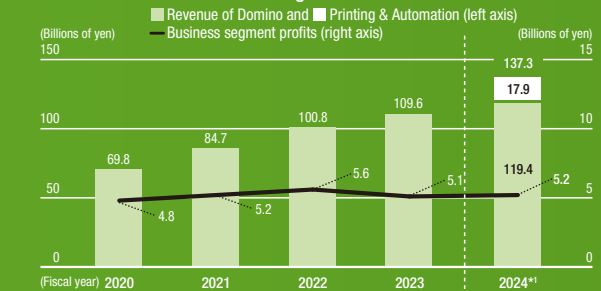
Medium-term Business Strategy | Business Strategy

Industrial Printing Business

Our coding & marking (C&M) equipment for printing best-before dates and other information on plastic bottles, cans, etc.; digital printing (DP) equipment responding to high-mix low-volume production and faster delivery time of packages; garment printers enabling high-speed printing on fabric; and so forth. By providing these items, we contribute to improved productivity by producers and realization of a sustainable society.



Trend of Revenue & Business Segment Profits



By consolidating the Industrial Printing Business, we aim to serve as a growth engine for business portfolio transformation while simultaneously achieving accelerated growth and improved profitability.

Tadashi Ishiguro

Representative Director & Executive Vice President, Head of Industrial Printing Business Division

The Industrial Printing (IP) Business Division was launched in FY2025 by integrating the Domino Business and the Printing & Automation Business, which was previously part of the Machinery Business Division. Our goal is to “use digital printing technology to eliminate barriers for producers around the world, create a future for mutual growth, and become a growth engine for the Brother Group while contributing to a sustainable society.” While the industrial printing market continues to grow due to a shift from analog to digital and rising demand for sustainability and customization, competition is also intensifying. In this environment, we will maximize the strengths and synergies of both businesses to drive business portfolio transformation.

The first key initiative for the IP Business is to expand our product and business areas. We will actively accelerate the introduction of new products to expand market share. We will also deliver competitive products through the strong global sales networks of both businesses. The second is to strengthen our service and solution business. Stable operation of production lines and improved productivity are key priorities for customers in the IP Business. By strengthening our ability to propose services and solutions, such as system-linked automation, data analysis, and pre- and post-printing process support, we will shift from product sales to a solution business model. The third is strengthening our business foundation. We will maximize our resources by optimizing our global development and manufacturing functions and promoting collaboration with company-wide functions.

Furthermore, strengthening our organizational capabilities is essential to achieving both sales growth and improved profitability. To that end, we are working to strengthen the talents and structure that support strategy execution, maximize the use of company-wide inkjet technology, enter new markets, and acquire organizational

capabilities through M&A and alliances, and improve development speed and efficiency by accelerating module development. We will mobilize the full strength of our industrial printing-related organizations to execute our medium-term business strategy with a sense of urgency.

Key indicators (Sales revenue)	FY2024 result 137.3 billion yen	FY2027 target 155.0 billion yen
-----------------------------------	------------------------------------	------------------------------------

Growth business	Core business
Profit-driven business	Profitability transformation business

Strengths	<Common> - High market share and competitiveness of our main products in the market - Achieving high productivity and printing quality supported by company-wide inkjet technology for both consumer and industrial use	Unique positioning resulting from owning both C&M and DP areas that can produce synergistic effects through the combination of technologies most appropriate for customer needs
	<Domino> A trusted brand built on 40+ years of steady growth in the industrial printing area	<Printing & Automation> Ability to provide printing equipment and solutions utilizing a variety of unique technologies

Opportunities	<Common (excluding C&M area)> The ongoing shift from analog to digital printing in the industrial printing industry	DP Area - Progress in digitalization in response to the growing need for productivity improvements in printing factories - Increased demand for conversion from analog printing to digital printing with reduced environmental impact due to stricter environmental regulations
	<Domino> C&M Area - Increase in demand associated with population growth in emerging nations - Increased need for traceability among manufacturers due to increased demand for products and solutions to comply with food safety laws and regulations, such as the mandatory recording of traceability information - Growth expected in many regions, industries, and applications	<Printing & Automation> - Increasing demand for customization - Increasing demand for print-on-demand services,*2 which reduce waste, due to growing awareness of sustainability

*2 Printing service available for production from one sheet

Risks	<Common> - Reduced appetite for capital investment due to unstable economic trends - Increasingly intense competition due to the rise of manufacturers in emerging countries	Spread of DTF*3 models
	<Printing & Automation> Intensifying competition in the mid-price market	*3 Direct to film. A printing technique in which the design is printed onto a special film, then heat-pressed onto T-shirts or other items. Products made using this technique could be an alternative to our products made by directly printing on T-shirts and other items using inkjet printers. See page 46.

Challenges and solutions	<Domino> - Rapid product development and market introduction that is both cost-competitive and profitable in the C&M and DP areas - Transformation from a “product provider” to a “provider of efficient printing solutions and services” suited to regional and customer needs - Improving lifecycle value by achieving stable operation and efficiency of customer production lines - Enhancement of the customer experience in line with changes in the value provided
	⇒ Strengthening development functions to accelerate the development of products and solutions that are both cost-competitive and profitable, and launching new products ⇒ Accelerating strategies specific to regions or segments and promoting a shift in value provision from a product-centered approach to a printing solution- and service-centered approach to develop optimal approaches for each market and expand our business areas ⇒ Realizing stable operation and efficiency of customer production lines through the use of technology ⇒ Improving customer problem-solving capabilities by strengthening proposal-based solution businesses

<Printing & Automation> - Product development to achieve further growth in the bulk printing market - Assisting productivity improvement in high-volume printing factories - Achieving printing on a wide variety of materials
⇒ Expanding the product lineup to match customer printing volumes ⇒ Providing automation solutions in both hardware and software ⇒ Expanding printable materials by strengthening existing technologies and developing new technologies



Medium-term Business Strategy | Business Strategy

Industrial Printing Business

In the highly segmented industrial printing market, we will further strengthen our competitiveness in areas where Brother and Domino*¹ excel. At the same time, we will accelerate product development and enhance our service and solution business to serve as a long-term growth engine.

*¹ Here, this refers to the Group company "Domino Printing Sciences Plc".

Domino

Support customer success as the preferred multi-technology and comprehensive service partner.

We provide optimal printing technologies and products tailored to customer needs, and maximize customer productivity and lifecycle value by providing automation and other solutions. Furthermore, we accelerate strategies specific to regions or segments and optimize global company-wide functions and facilities. As a result, we support the success of our customers' businesses as their preferred multi-technology and comprehensive service partner.

Key initiatives to support customer success	Printers and consumables Provide the optimal printing technology (with a broad product lineup) tailored to customer needs.	
	Automation and integration / services Maximize customer productivity and lifecycle value through products, automation, integrated systems, data utilization, and services.	
	Sales revenue growth and profitability improvement Accelerate strategies specific to regions or segments. Optimize global company-wide functions and facilities.	

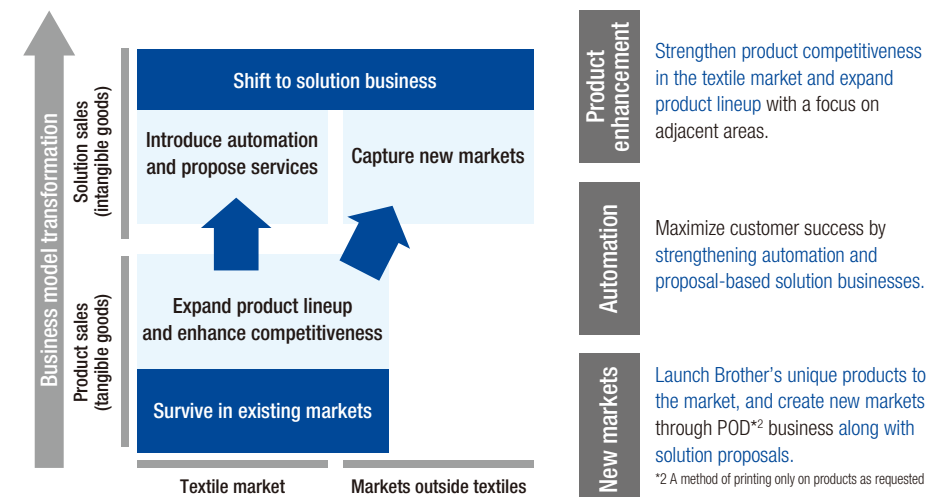
Progress in
FY2025

- By strengthening our development functions, we are steadily launching new products and steadily implementing strategies specific to regions or segments.
- By selling products and consumables and providing services and support, we have expanded our contract-based business products (recurring products) that provide value throughout the entire product usage period, and the number of contracts has been steadily increasing.

Printing & Automation

Expanding our product lineup, enhancing competitiveness, and capturing new markets through a shift to solution business

By expanding our product lineup and enhancing our competitiveness, we aim to survive in existing markets, particularly the textile market. In addition to strengthening our product competitiveness in the textile market, we will also expand our product lineup with a focus on related areas. We will also aim for growth by shifting from simply selling products to entering the solution business. Specifically, we will strengthen our automation and proposal-based solution businesses, launch Brother's unique products to the market, and create new markets that meet the potential needs for on-demand printing, with the aim of capturing new markets.

Progress in
FY2025

- Steadily enhancing product strength by introducing new products, expanding our product lineup, and strengthening our product planning functions
- In addition to providing proposals for individual products, we offer comprehensive package proposals such as process automation and product monitoring software.
- We are developing new customers, including stores,*³ using new methods.

*³ A business model in which printing equipment is installed in-store and the content customers want to print is printed on the spot



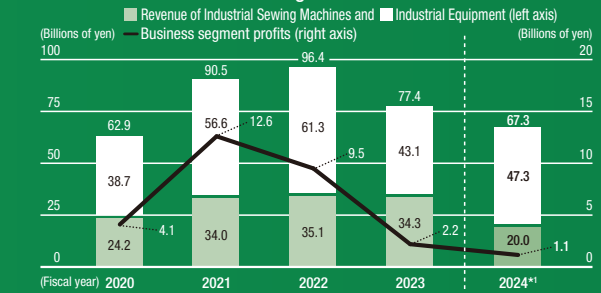
Medium-term Business Strategy | Business Strategy

Machinery Business

We help our customers enhance their manufacturing competitiveness and create new value through our products, such as industrial sewing machines that are easy to use, energy-efficient, and capable of high-quality sewing, as well as machine tools that are ideal for machining parts for automobiles, general machinery, and the like.



Trend of Revenue & Business Segment Profits



*1 The FY2024 figures exclude the Printing & Automation that was previously included in the Industrial Sewing Machine Business.



By fulfilling the respective roles of the Industrial Equipment Business and Industrial Sewing Machine Business, we will demonstrate the comprehensive strengths of our Machinery Business and drive significant expansion in the industrial area.

Makoto Hoshi

Senior Managing Executive Officer, Head of Machinery Business Division

In the Machinery Business, under “CS B2027,” we will transfer Printing & Automation to the Industrial Printing Business Division and focus on two areas: industrial equipment & industrial sewing machines.

The Vision for the Industrial Equipment Business under “CS B2027” is to “enhance the high productivity and environmental performance of the SPEEDIO series, leveraging our strength in machine/controller integrated development*2 as a growth business of Brother, thereby contributing to strengthening our customers’ manufacturing competitiveness and continuing to grow along with them.” We have set a major target of increasing sales revenue to 100 billion yen by focusing on enhancing our ability to deliver value propositions to customers through strengthening human resources and our facility networks for sales and services while also actively leveraging collaboration with strong business partners. Furthermore, we will utilize M&A in this process.

On the other hand, the vision pursued by the Industrial Sewing Machine Business under “CS B2027” is to “grow in the non-apparel markets, centered on automobiles, and further enhance profitability.” We will respond to the needs of the non-apparel markets with our unique strengths, such as large-scale BAS*3 and DIGIFLEX TUNE,*4 and will work to reform our profit structure to ensure steady contribution to profits.

The Machinery Business, which deals with industrial goods, is a business in which we work closely with customers. We aim to maintain the trust of our customers as an irreplaceable partner in the industrial area. By anticipating our customers’ latent needs and making proactive proposals, we hope to deepen their appreciation of the value of our products and services. We will reflect the customer-oriented approach we have developed over the years in the outstanding ideas and technology that only our Machinery Business can provide and will

strive towards a future where we realize the Brother Group Vision as a unified global team with our “At your side.” spirit.

*2 Developing not only machines but also their control devices in-house. By developing the control device ourselves, we can maximize the performance of the machine and achieve optimal control, eliminating unnecessary processing time and power consumption.

*3 A bridge-type programmable electronic pattern sewer capable of sewing large airbags and other items mounted in automobiles

*4 A deskinning technology that can quantify the adjustment status of sewing machines by using a sensor technology

Industrial Equipment Business

Key indicators
(Sales revenue)

FY2024 result
47.3 billion yen

FY2027 target
100.0 billion yen

Growth business

Core business

Profit-driven business

Profitability transformation business

Strengths

- Brother’s unique product lineup of No. 30 spindle machining centers
 - High productivity and energy-saving performance through machine/controller integrated development and compact design
 - A global production system with facilities in three countries: Japan, China, and India
- * Details are explained on the next page.

Opportunities

- Expansion of EV*5-related investment, including HVs*6 and PHVs*7, driven by the acceleration of global carbon neutrality
 - Acceleration of labor-saving and automation due to a slowdown in the world population growth and a declining workforce resulting from an aging population
- *5 Hybrid Vehicle *6 Plug-in Hybrid Vehicle *7 Electric Vehicle

Risks

- Delay in full-scale market recovery in the machine tool market
- Intensifying competition in the main product market

See page 46.

Challenges and solutions

- Approach to the wide range of demand in non-automobile markets, such as medical equipment and semiconductor manufacturing device-related markets, as well as the automobile market, including EV-related markets.
- Further promotion of energy-saving performance for customers working toward carbon neutrality

- ⇒ Expansion of our product lineup to provide new value to our customers
- ⇒ Expansion and functional enhancement of sales facility networks in key regions (Japan, China, India, Europe, Southeast Asia)
- ⇒ Pursuit of high productivity and energy-saving performance unique to Brother
- ⇒ Enhancement of our ability to propose solutions that meet our customers’ needs

Industrial Sewing Machine Business

Key indicators
(Operating profit ratio)

FY2024 result
3%

FY2027 target
7%

Growth business

Core business

Profit-driven business

Profitability transformation business

Strengths

- Product development capabilities for high-speed and high-quality sewing
- Product durability that ensures long-term stable production at our customers’ sites
- Development of facilities that can respond to requests from customers in a wide range of countries and regions

Opportunities

- Increasing investment in equipment and technology leading to automation and deskinning

Risks

- Expansion of emerging market manufacturers in the apparel industry, particularly in the clothing sector

See page 46.

Challenges and solutions

- Launching new products for non-apparel markets, primarily airbags, and automation solutions

- ⇒ Expansion of business in non-apparel markets by strengthening product appeal and providing automation solutions
- Maintaining apparel customers with a focus on high-end customers
- ⇒ Maintaining our presence in the apparel market by optimizing our product lineup

Medium-term Business Strategy | Business Strategy

Machinery Business Industrial Equipment Business

We aim to achieve substantial business growth by further refining our established strengths while proactively utilizing external resources through collaboration with partners and M&A activities, thereby enhancing our ability to propose value to customers.

Further improvement of Brother's strengths

I Brother's unique product lineup



We offer a unique lineup of No. 30 spindle machining centers (MCs) with features unmatched by competitors, capable of handling large workpieces, complex shape machining, multi-tasking, and automation. The U500Xd2-100T, the first No. 30 MC capable of carrying 100 tools, and the Deburring Center DG-1, a dedicated deburring machine, are new products that only Brother could have realized, thanks to its long time commitment to small processing machines and its continued machine/controller integrated development system.

II High productivity and environmental performance



We minimize waste of time, resources, energy, and installation space to the utmost and deliver high productivity and energy-saving performance through machine/controller integrated development for optimal control and compact design. The energy-saving performance has won high praise externally, and the compact machining center SPEEDIO S300Xd2/S500Xd2/S700Xd2 (S Series) won the Energy Commissioner's Award at the 2024 Energy Conservation Grand Prize (Japanese page) and the 2025 Aichi Environmental Award (Japanese page).

III Global production system and carbon neutrality

Following Japan and China, production commenced in India as well in December 2024, establishing a global production system with facilities in three countries. By strengthening the functions of our factories in China and India, where local production for local consumption is promoted, we meet customers' needs for shorter delivery times and secure sufficient production capacity for significant growth. Additionally, our Kariya Factory has achieved carbon neutrality in compliance with ISO 14068-1, the first facility in the manufacturing industry* in Japan to do so.*

* Carbon neutrality in accordance with the PAS (Publicly Available Specification) 2060:2014 standard has been achieved at manufacturing facilities in the United Kingdom since 2021 and in Slovakia since 2022.

Progress in FY2025

- The new products S700Xd2-100T and U500Xd2-100T, which are equipped with 100 tools, and the Deburring Center DG-1 have received inquiries and a great deal of interest from a wide range of customers since their release. We will continue to launch new products in the future.
- We are currently expanding our sales and service facilities in key regions. The Nagano Sales Office and Brother Technology Center (BTC) Tianjin, China, were opened in April, as well as BTC Pune, India, in June. The Hokuriku Sales Office and Qingdao Office, China, were opened by October. BTC Frankfurt in Europe will be relocated by March to expand its functions.

Points to further strengthen by actively utilizing external resources

I Automation and labor-saving solutions

We will promote the sale of both products and solutions by enhancing our solution-proposing ability for automation and labor-saving needs. This includes expanding our range of high-value-added models that meet both explicit and latent customer needs, as well as offering combinations not only with our own products but also with peripheral devices from partner companies.

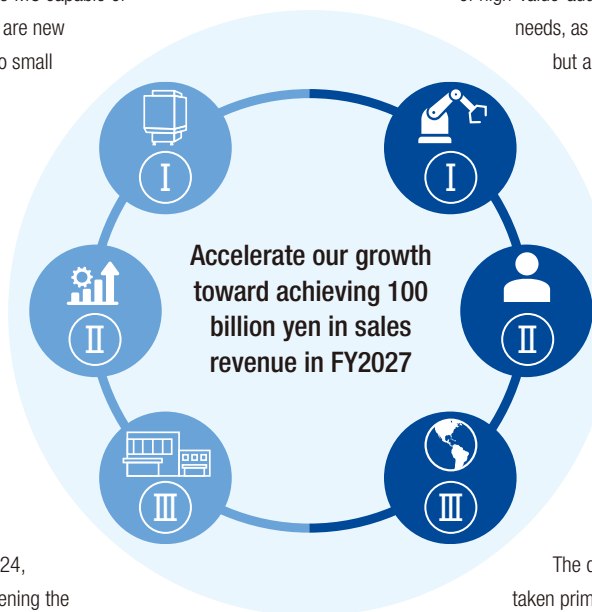
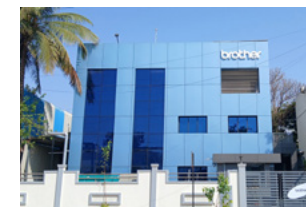


II Diverse solution-oriented talent

We will accelerate the recruitment and development of talents, focusing on application engineers who enhance our responsiveness to diversifying machining requirements and our ability to propose solutions for complex shapes and on customization engineers who strengthen our ability to meet individual customer specifications. By reinforcing our key engineers and proposing and implementing solutions tailored to SPEEDIO, we will drive our customers' success.

III Creation of customer touchpoints

The digital marketing initiatives that we have taken primarily in Japan will now be rolled out globally. We will enhance our appeal to customers by expanding our sales and service facilities in key regions: China, Japan, India, Europe, and Southeast Asia.



Medium-term Business Strategy | Business Strategy

Nissei Business

We precisely accommodate diversifying customer needs in fields such as automation and labor saving, which are expected to grow, and contribute to customer value creation through gearmotors with a wide range of product variations, high stiffness reducers that are the driving force of industrial robots and factory automation equipment, and gears with high precision and quality.



Business Strategy (Business Policy)

Common to both areas

- Achieving profitable growth to establish the Nissei Business as a stable, highly profitable business

Reducers

- Promoting functional enhancement of existing products to meet market trends toward and customer demand for high precision, high responsiveness, lightweight, compactness, etc.

- Expanding sales of high-stiffness reducers

- In Japan: Promoting sales expansion of our products by taking advantage of their high stiffness and our customization capabilities
- Outside Japan: Proactively promoting sales activities to capture the rapid growth of the robotics industry as an opportunity

Gears

- Expanding sales in the three key industries*

- Maximizing the use of our manufacturing facilities, by means such as consolidating production to improve productivity and streamline operations

- Devoting enhanced efforts to acquiring newly proposed projects

* Robotics, machine-tool, and reducer industries



Strengths	Reducers ■ A wide lineup of products that meets diverse needs in various industries ■ Ability to meet demand for speedy delivery and customized products by insourcing major parts	Challenges and solutions
	Gears ■ Top-class production facilities in Japan and proprietary gear processing technology ■ Integrated production system that covers the entire process, starting with order reception, followed by designing, processing, heat treatment, and completion, which allows us to provide high-precision, high-quality products and to respond flexibly to diverse needs	
	Opportunities ■ Exploring overseas markets and new customers by enhancing the appeal of products ■ Improving profitability by streamlining manufacturing functions and promoting further efficiency improvement	
Risks	■ Rise of manufacturers in the reducer and gear industries outside Japan ■ Reduced appetite for capital investment due to unstable economic trends See page 46.	

Progress in FY2025

- Sales revenue from reducers remained at the same level as in the same period in the previous year due to a delayed recovery in demand for capital investment, while sales of gears recovered gradually (in the FY2025 Q1 results).

Personal & Home Business

We offer products that help customers unlock their creativity, including home sewing machines, home cutting machines, and sublimation printers, as well as new services on the creator support mobile app Artspira, thereby proposing ways to enjoy handicrafts and supporting customers in increasing their lifetime value (LTV).



Business Strategy (Business Policy)

- Developing a lineup of products based on new concepts to further bring out customers' creativity through creative activities and allow them to experience the joy of creation more deeply
- Strengthening our profitability by making the most of the mobile app Artspira, which allows users to create data in combination with Brother's P&H Business products, not only to provide customers with an inspiring experience that broadens the possibilities of their creative work but also to offer a paid subscription service and practice one-to-one marketing

- Expanding sales of mid- to high-end sewing machines by strengthening collaboration with dealers
- Promoting commercial and industrial sewing and embroidery machines and related services, aiming to expand the market for this kind of product for business use



Strengths	■ Status of a leading company in the home sewing machine industry that manufactures and sells a wide lineup of products for various purposes, from popular to high-end machines ■ Track record in creating new business models, including providing a paid subscription service via the mobile app Artspira ■ An expanded lineup of products that broaden the possibilities for users' handicraft creation, including sewing and embroidery machines based on new concepts, home cutting machines, and sublimation printers ■ A strong global sales network	Challenges and solutions
	Opportunities ■ Development and marketing of new products and services by utilizing the development resources and sales channels of other businesses in the Brother Group ■ Increasing demand for original goods and customization	
	Risks ■ Low-price popular models launched by manufacturers outside Japan See page 46.	
		■ Increasing the number of registered users of the mobile app Artspira to strengthen the foundation of new businesses ⇒ Expanding the functions of the mobile app Artspira and developing attractive content on it ■ Establishing effective digital marketing methods in response to the widespread use of social media ⇒ Conducting marketing activities utilizing influencers and digital media ■ Expanding the market for business-use products and services targeting small and medium-sized enterprises and sole proprietors ⇒ Planning and developing products and services tailored to customer needs for SYOB* products and services and providing full support for such customers * Abbreviation for "Start Your Own Business," which refers to products and services targeting startups and side businesses

Progress in FY2025

- We added new features to the mobile app Artspira that fit customer needs to increase paid membership in the app.
- We launched a new model of a commercial and industrial sewing and embroidery machine equipped with features that fit customer needs for SYOB products and services.

Medium-term Business Strategy | Business Strategy

Network & Contents Business

We pursue the creation of new customer value by proposing services, products, and content using the distribution technology that we have cultivated through online karaoke systems as well as by developing and providing JOYSOUND, an online karaoke system for business use.



Business Strategy (Business Policy)

- Improving profitability by increasing the percentage of the latest models among our online karaoke systems for business use in operation on the market and by promoting business efficiency improvement
 - Achieving advancement of new value provided in karaoke that goes beyond just singing (the entertainment platform “X PARK”^{*1} and the livestreaming and video viewing service “Miruhaco”^{*2})
- Creating more new businesses by leveraging our network technology cultivated through online karaoke services, as well as diversifying our business models

^{*1} A next-generation entertainment platform that goes beyond the conventional notion of karaoke spaces as just a place to sing by connecting them with each other via two-way communication and providing a wide variety of entertainments

^{*2} A service that allows users to watch live viewing of music concerts and sports events, as well as curated movies, anime, etc., in karaoke rooms

Key indicators
(Operating profit ratio)

FY2024 result

5%

FY2027 target

10%

Growth business

Core business

Profit-driven business

Profitability transformation business

Strengths

- Status of the provider of online karaoke systems for business use which offer the largest number of songs in the industry
- Product development capabilities that enable provision of two-way telecommunication and a wide variety of applications
- A wide range of businesses, such as music therapy content for nursing care facilities and home karaoke systems

Opportunities

- Diversification of needs due to changes in consumer lifestyles and entertainment, including the advancement of online and virtual services
- Growing demand from international tourists visiting Japan
- Sustainable growth of the healthcare market
- Increased opportunity to propose new services due to a growing number of purposes of consumers' visits to karaoke facilities other than karaoke singing

Risks

- Decrease in the number of karaoke users due to the declining birthrate and diversification of entertainment needs
- Changes in the market environment due to the diversification of entertainment needs and lifestyles, technological innovation, etc.

See page 46.

Challenges and solutions

- Achieving steady growth in our business in online karaoke systems for business use
 - Increasing the number of units of JOYSOUND X1, a highly profitable online karaoke system for business use that features enhanced basic audio and video functions and high-value-added features, such as an overwhelmingly immersive experience and ease of singing, to be installed
- Creating new ways of utilizing karaoke systems and karaoke rooms to increase the population of karaoke participants
 - Providing new value of karaoke beyond just singing through X PARK and Miruhaco
- Creating new businesses that can become new core sources of sales revenue
 - Developing new businesses by means such as promoting karaoke services targeting livestreamers and video creators, as well as projects to support them

Progress in FY2025

- We launched JOYSOUND X1, a high-end online karaoke system for business use, resulting in an increased percentage of the latest models in operation.
- We promoted diverse ways to use karaoke systems and karaoke rooms by means such as livestreaming videos with Miruhaco and expanding X PARK content in collaboration with other companies.

New Businesses

By leveraging the assets of the Brother Group cultivated over its long history and collaborating with external partners, we will contribute to solving social issues with new products and services that quickly respond to changes in society.

Business Strategy (Business Policy)

- Create business themes related to solving materiality and promote growth as new businesses.
- Develop and acquire strong, proprietary technologies through open innovation, including industry-academia collaboration, to continue growing these into our next pillar businesses.

Business Introduction

Business	Related Materiality	Details
Air conditioning and air purification 	Reducing CO₂ emissions Supporting people's value creation	- An energy-efficient spot cooler that features no exhaust heat and is CFC-free, using our unique cooling technology “TwinAqua” - Expand sales as a solution to global warming and improving the working environment, and expand the product lineup through strategic investments.
Fuel cells 	Reducing CO₂ emissions Supporting people's value creation	- Hydrogen fuel cells as a backup power source that use hydrogen as fuel and can generate clean electricity for long periods of time - The use of hydrogen storage alloys that have been certified as non-hazardous materials enables the safe transport and storage of hydrogen.
Buddyboard 	Supporting people's value creation	- A handwritten note-taking app for the construction industry and construction sites that handle design drawings - Promote digital transformation by supporting productivity improvements and cost reductions in processes such as design review and redlining of drawings.

TOPICS “Brother Open Innovation Bridge,” a platform for BIL's company-wide open innovation

BIL has strengthened its open innovation efforts to further accelerate the creation of new businesses and solve issues in its existing businesses, by building a platform called “Brother Open Innovation Bridge (BROIB).”

BROIB is a system that aims to match the optimal solutions and implementation methods for internal issues by providing support menus that combine information obtained from universities, research institutions, venture capital companies, startups, large companies and SMEs, and open innovation support organizations, and know-how acquired through previous external activities, thereby solving issues in existing businesses and accelerating the creation of new value. In the future, we will also focus on joint research with universities, aiming to develop and acquire proprietary technologies.

Internal departments related to technology and development

Members (Department representatives)

Support for solving internal issues

Brother Open Innovation Bridge

Matching optimal solutions and implementation methods

Support menus

- Technology scouting
- Company/patent/ paper research and analysis
- Matching service
- VC*/Startup information
- Industry-academia collaboration agreement
- Expert interview

External partners

- Universities/ Research institutes
- VC/ Startups
- Large companies and SMEs
- Open innovation support organization

Accelerating the launch of new businesses by promoting the development and acquisition of proprietary technologies

* Venture capital company: An organization that invests in venture companies expected to have future growth

Human Capital

Capital status

- Number of Group employees: More than 40,000*1
 - Percentage of employees outside Japan: 77.9%*1
 - Assigning local employees to top management positions of facilities outside Japan: 57 (67%)*2
- *1 As of March 31, 2025 *2 As of April 1, 2024

Results and Review of “CS B2024”

- Formulated the “Human Resource Policy” and introduced a new human resources system
- Established and expanded systems to promote diverse work styles

Established and expanded various systems that support diverse work styles, such as abolishing the core time*3 in the flextime system and adding leave and vacation systems for infertility treatments
- Promoted the materiality item, “Realizing a diverse and active society,” in the following manner:
 - Sustainability targets 1 “Visualize employee engagement at the global level and improve engagement survey scores”

Started an engagement survey targeting BIL and confirmed that engagement is high overall; also, expanded said survey to include the Brother Group to understand the global state of employee engagement
 - Sustainability targets 2 “Enhance talent development and governance for encouraging the assignment of local employees to top management positions in facilities outside Japan”

Grasped the current status and further promoted the implementation of executive candidate development and succession plans at major facilities outside Japan
 - Sustainability targets 3 “Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working*4”

Conducted a program to develop female management candidates, among others*4

*3 Core time: A time period during which all employees must work *4 BIL

“CS B2027” Policy

Accelerate business portfolio transformation by strengthening the talent portfolio in key areas, and strengthen the talent base by actively investing in the development of leadership talent and measures to enable all employees to play an active role.

Key initiatives

- Strengthen the talent portfolio in key areas

Increase number of hires by approx. 40%, centered on software, inkjet technology, and production technology/technology sales. / Promote further participation by seniors, flexible human resource allocation, and utilization of external talents.
- Actively invest in talent development

Actively promote investment in the development of leadership talent. / Strengthen reskilling and recurrent education measures. / Support talent development at Group sites to realize Global Team Brother.
- Ongoing initiatives for diversity and engagement

Promote various activities that utilize the autonomy of each Group site. / Foster an organizational culture that encourages taking on challenges.

Actively Invest in Talent Development

Talent Development

BIL is actively investing in talent development in order to “strengthen the talent foundation to accelerate business portfolio transformation.”

Career development support

Implemented the following initiatives to strengthen employees’ independent career development, in addition to the existing career development program for each level.

- Career Counseling System since FY2022

Career-related interviews with internal and external consultants.
- Held a “career ownership*5 seminar” in FY2024.

Approximately 1,000 employees participated.

Investing in the development of leader talent

- Terry’s Challenge Academy since FY2014
 - The Chairman of the Board serves as an instructor and supports employees’ efforts to take on new challenges.
 - During the Chairman’s lecture, employees formulate “Challenge Stories” that clarify what they want to achieve.
 - The proposals within these Challenge Stories have triggered the birth of a variety of new products and services.
- External Training Program since FY2017
 - Management candidates participate in external training to strengthen their leadership skills.
 - A total of 224 people had participated as of FY2024.
- Female Leadership Development Training since FY2022
 - A total of 101 people had participated as of FY2024.

Development of global talent

- Trainee Program since FY2008
 - Dispatching young employees between BIL and Group facilities outside Japan
- Short-term External Training Program since FY2018
 - Dispatching developers and engineers, mostly in their 20s, to overseas production and repair sites for one month

Comments from employees who participated in the trainee system

Details of the comment

Automation and efficiency achieved through on-site visits



Takahiro Ohwaki
 BIL(Japan) → Brother Industries (U.K.) Ltd. Production Dept. Printing & Solutions Business Division, BIL



Lin, Shao Fang
 Taiwan Brother Industries, Ltd. (hereinafter “BITW”) → BIL(Japan) Quality Management Dept., BITW

*5 For employees to take control of their own careers and grow autonomously

Internal concurrent job system

In FY2023, BIL introduced an internal concurrent job system*6. This system allows employees to work in other departments for a set period, using up to approximately 20% of their working hours, while continuing their duties in their current department. By FY2024, about 30 employees had used this system.

*6 The term “concurrent job” is used instead of “side job” to emphasize the parallel engagement in multiple roles without prioritizing one over the other.

Voice of an employee who participated in the internal concurrent job system



Planning a Student Internship Program from the Perspective of a Software Engineer

Hiroki Sumi SC Development Dept.—and concurrently Human Resources Dept. during his participated in the system—

I was involved for six months in planning and implementing a student internship program for prospective software engineers. I leveraged the knowledge and experience I had as an engineer to create a program that would gratify students’ desire for particular bodies of knowledge.

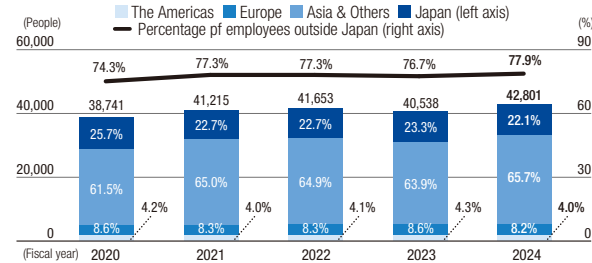
I incorporated operations in my charge into internship events and had internal engineers participate in them to give the interns a more vivid picture of the work of engineers. At the moment when one of the intern students said to me, “Sumi-san, the story you told us made me decide to work here,” I strongly felt that my efforts had been rewarded very much. I also recognize that the students’ achievements and proposals provided employees with fresh insights, giving them great inspiration. In addition, I learned much from recruiters in the department in which I worked concurrently during my participated in the system about effective ways of communication and information-sharing with job seekers in recruitment activities, which made me keenly aware of the importance of collaboration across departments. Going forward, I hope to utilize my experience with this system in order to expand the scope of my capabilities while making the most of my perspective as an engineer.

Medium-term Business Strategy | Management Foundation Strategy

Human Capital

Ongoing Initiatives for Diversity and Engagement

The Brother Group operates in over 40 countries and regions with over 40,000 employees, at least 70% of whom work outside Japan. Going forward, we will continue to promote organizational initiatives toward enhancing diversity and engagement, with the aim of realizing a work environment in which all of the diverse talents around the world can thrive.



Assigning local employees to top management positions of facilities outside Japan

See page 49.

The Brother Group encourages the promotion of local talents with the aim of implementing operations in which each facility conducts autonomous management suited to the local business environment.

Various initiatives leveraging the autonomy of each Group facility:

- Subsidiaries in the Americas: “Americas Leadership Summit” is held, bringing together leaders from each facility.
- Sales facilities in Europe and Asia: Regular meetings on personnel matters are held, with participation by regional headquarters and the sales facilities under their jurisdiction.

Promoting the local employment

The Brother Group contributes to the revitalization of local communities and economies by creating employment opportunities through the establishment and expansion of manufacturing facilities. For example, the manufacturing facility in the Philippines employs over 7,000 local people, and the two manufacturing facilities in Vietnam together employ over 11,000 local people.*

* As of March 31, 2025

Improving employee engagement

The Brother Group is working to improve employee engagement, aiming for a relationship in which employees and the Group grow together and contribute to each other.

We began conducting a new “Employee Engagement Survey” in FY2022; we conducted

the survey at more than 90% of our global facilities in FY2023 and 100% of all facilities that required the survey in FY2024 to understand the state of employee engagement.

- Approximately half of the employees feel that their organization supports their growth, have a high sense of solidarity with the organization, and feel they contribute to it.
- Overall engagement is high.

Promoting diverse work styles

BIL is promoting the creation of an environment in which diverse talents can work autonomously, and in FY2023 implemented measures such as abolishing core time for flextime and expanding the homeworking system.

Comfortable Working Environment

Voice of an employee who utilized the childcare leave system



Valuable Time with Family Provided by Childcare Leave

Yasuo Ono IDS Development Dept., Printing & Solutions Business Division, BIL

See page 49.

Promotion of Health and Productivity Management

The Brother Group values taking care of the health of every employee so that they can strive to achieve their goals, and contribute to the Group’s success.

Promotion of Health and Productivity Management

Brother Group Global Health & Productivity Management Philosophy

Established in September 2016, then later replaced with the Brother Group Global Health and Productivity Management Philosophy in FY2024 with the change of the Chief Health Officer (the Representative Director & President of BIL).

“Healthy Brother 2025” —a set of long-term targets for employee health

In FY2016, targets to be achieved by FY2025 were set, including a smoking rate of less than 10% and a participation rate in secondary cancer screening of at least 90%.

Health & productivity management promotion structure

The Health Management Center was established in FY2006 to promote employee health, and together with the Brother Health Insurance Society’s Health Promotion Center, it strategically promotes the maintenance and improvement of employees’ physical and mental health.

Chosen for the 2025 Certified Health and Productivity Management Outstanding Organizations Recognition Program

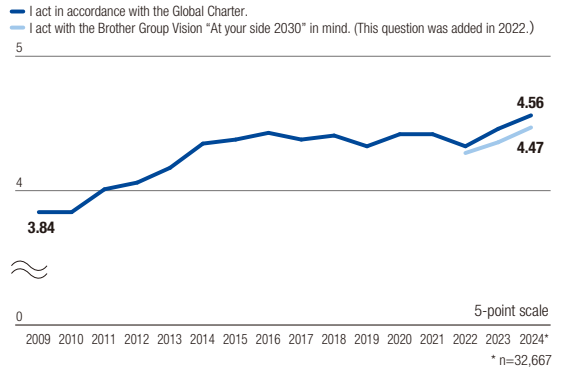


Column

Foster an organizational culture that encourages taking on challenges.

Internal promotion of the Global Charter

The Brother Group is implementing activities to share the fundamental philosophy of the Group in order to foster a corporate culture with shared awareness on a global level, as outlined in the Brother Group Global Charter, [See page 2.](#) which serves as the foundation for all Brother Group activities. As a part of this, “Cross-Company Meetings” where opinions are exchanged across facilities have been held in China since 2014 and in Vietnam since 2017. A total of seven production, sales, and development facilities are participating in China, and a total of three production and sales facilities are participating in Vietnam. The aim is to share best practices and resolve onsite issues through communication that transcends the boundaries of each facility. In addition, these Meetings also give “Challenger Awards” to recognize employees who have taken on challenges based on the Global Charter, further nurturing a culture that encourages employees to take on challenges autonomously. As a result of these initiatives, a score of 4.25 or higher out of 5 has been maintained for the past 10 consecutive years in employee attitude surveys conducted since 2009 regarding the degree to which employees are conscious of their actions in line with the Global Charter, demonstrating a deeply rooted organizational culture that respects employee autonomy and a challenging spirit.



Comments from participants in the Cross-Company Meeting

Details of comments

Shared Awareness and Job Satisfaction through Cross-Company Meetings



Li, Yan
HR & General Affairs,
Brother Machinery Xian Co., Ltd.

Learning through Interaction with Other Facilities



Ha, Le
Administration Department,
Brother Industries Saigon, Ltd.

Medium-term Business Strategy | Management Foundation Strategy

Intellectual Capital

Capital status

- Research and development expenditures: 49.5 billion yen*1
 - Number of patents owns worldwide: approx. 30,000*1
 - Number of design rights owns worldwide: approx. 3,000*1
- *1 FY2024 results

Results and Review of “CS B2024”

<Intellectual property in general>

- Promoting stable business operations while maintaining the competitive advantage of each business by implementing strategic intellectual property activities, such as patenting promising technologies and building barriers to entry in each business area
- Being selected as one of the Clarivate Top 100 Global Innovators*2 for the 8th time, and for the 4th consecutive year, in recognition of the patents the Company owns
- Promoting rights acquisition and branding through design/trademark registrations

- Securing rights for the globally unified design of toner cartridge cartons for office-use laser printers



- Branding of the next-generation inkjet printing technology “MAXIDRIVE®”



- Exploration of business partners and new technologies through IP landscape*3
- Promoting creation activities of new technologies and businesses in collaboration with universities and other external institutions
- Use of generative AI in intellectual property activities

*2 An award to annually select the world's top 100 companies and organizations that are at the forefront of technological research and innovation, based on the patent data held by Clarivate

*3 Conducting analyses and proposals that combine market and product information with intellectual property information, helping companies make better management and business decisions

<Development of inkjet printing technology>

- Development of a new inkjet printing technology that forms the core of Brother's business, delivering highly durable print heads and the highest printing speed in the class
- Development of a simulation technology to accelerate development

“CS B2027” Policy

Intellectual property strategies for each business segment

The Brother Group formulates intellectual property strategies based on the strategies for each business and promotes a variety of activities. We have a system in place to ensure that matters requiring important decision-making are reported to management, including officers in charge of each business, to seek their instructions.

In the Printing & Solutions (P&S) Business, we aim to build an intellectual property portfolio that will support business transformation, based on the intellectual property we have accumulated to date. We will carry out strategic activities to protect technologies that are important for further promoting businesses with continuous ties to customers, as well as the Commercial & Industrial Labeling Business, by obtaining intellectual property rights.

In the Industrial Printing Business, we will protect the technologies that support business growth, while leveraging the intellectual property related to various technologies, centered on inkjet technology, that has been cultivated in the P&S Business.

In the Industrial Equipment Business of Machinery Business, we will protect the technologies that we have developed to help strengthen our customers' manufacturing competitiveness as intellectual property rights.

Furthermore, open innovation is important for the growth of each business. To promote open innovation, we will actively utilize the IP landscape through our internal platform, “Brother Open Innovation Bridge.”

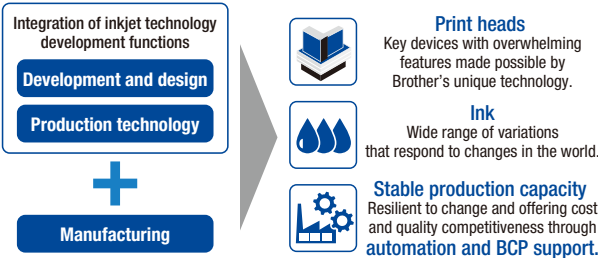
See page 29.

Intellectual property

Comprehensive strengthening of inkjet technology and expansion of its applications to diverse fields

We are working to strengthen the inkjet technology cultivated in the consumer printing business and expand its application to the industrial area. Under “CS B2027,” by integrating inkjet development, design functions, and production technology functions, we will further strengthen the three key elements of print heads, ink, and production capacity. For print heads, which are key devices that can best showcase our uniqueness, we will refine our print head technology and enhance its distinctive features. Regarding ink, there is a growing demand for environmentally friendly solutions and on-demand printing. We will expand our ink variations to meet these diverse needs. In addition, by promoting automation and strengthening our BCP measures, we will build a system resilient to change, enhance our cost and quality competitiveness, and improve our stable production capacity. As for inkjet technology, we have steadily expanded its application to diverse

business areas, from office printers to garment printers, large-format printers, Domino's digital label printers and inkjet printers for corrugated cardboard, cloth/dye sublimation printers for craft use, and even further to coding & marking equipment. We will continue to provide products, services, and solutions by going beyond the boundaries of business segments.





Medium-term Business Strategy | Management Foundation Strategy

Manufactured Capital

Capital status

- Global manufacturing facilities: 28*1
- Capital expenditures: 46.0 billion yen*2

*1: As of March 31, 2025

*2: FY2024 results

Results and Review of “CS B2024”

With the aim of pursuing “expansion in the industrial area,” “building resilient and sustainable supply chains,” and “promoting the transformation of manufacturing facilities into multi-function factories,” the following new facilities were established.

Operation commenced in March 2024	P&S Business: Brother Industries (Philippines), Inc.'s new factory building “Factory No. 3”
Operation commenced in April 2024	Nissei Business: New factory building, “Plant K”
Operation commenced in July 2024	Hoshizaki Factory: A new building “Hoshizaki Factory No. 13”
Operation commenced in December 2024	Machinery Business, Industrial Equipment: A new factory, Brother Machinery India Private Ltd.
Scheduled to be completed in January 2026	Minato Factory: A new warehouse, “Minato Warehouse No. 2”

“CS B2027” Policy

Promote company-wide procurement management and quality assurance, as well as improve business process efficiency to strengthen the management foundation.

Key initiatives

Strengthen company-wide procurement functions

- Formulate and implement a procurement strategy optimized across all businesses, including the industrial area.
- Establish Centralized Procurement Dept. to centrally manage procurement operations and carry them out efficiently in collaboration with related departments.

Strengthen quality assurance capabilities

- Strengthen quality assurance capabilities across all company and business operations, particularly for industrial products.

Promote companywide business process efficiency

- Promote streamlining and standardization of business processes using AI technology.
- Maximize operational efficiency and productivity to improve organizational performance.

Establishment of the Centralized Procurement Dept. at BIL

In order to “strengthen company-wide procurement functions” as stated in our medium-term business strategy “CS B2027,” we established the Centralized Procurement Dept. in April 2025 to centrally manage procurement operations and carry them out efficiently in collaboration with related departments. By formulating and implementing procurement strategies across all our business segments—including the industrial area—the department is working to strengthen the Group’s overall procurement

capabilities. Specifically, the new department aims to enhance supplier governance by centralizing information on management, human rights, and environmental initiatives; improve procurement stability by visualizing risk components*3 across all businesses and establishing a BCP framework; and reduce costs by supervising procurement processes from the upstream stages across all businesses and promoting centralized purchasing.

*3 Components that may affect the quality, safety, or reliability of products

Strengthening Quality Assurance Capabilities and Streamlining Business Processes through Factory “Visualization”

The Brother Group has been working for many years to build and strengthen its global manufacturing system. With 28 manufacturing facilities globally, the Group has established a highly cost-competitive and flexible manufacturing system that involves multiple facilities to respond to changes in production needs. “CS B2027” seeks to further enhance our manufacturing capabilities, aiming to strengthen our company-wide quality assurance capabilities and streamline business processes. To this end, the Brother Group is promoting the implementation and deployment of digitization at manufacturing sites.

For example, Brother Industries (Vietnam) Ltd., a manufacturing facility in Vietnam, has created databases for various types of information on the entire factory by linking existing systems. The accumulated data is analyzed according to the needs of each department and shared and made visible via a dashboard. This has not only facilitated the discovery of process waste and improvement activities, but it has also promoted automation, thereby further enhancing the efficiency of the manufacturing process. In addition, traceability data on products and parts have allowed for an accurate understanding of quality-related information, enabling prompt investigation of causes and swift response when a problem occurs. Furthermore, by analyzing the accumulated data, it is possible to identify potential problems at an early stage that are difficult to detect visually. This enables prediction and prevention of problems, leading to further quality enhancement and increased efficiency of quality control. The use of the accumulated data also

contributes to decision-making, helping to make objective and accurate decisions and deepen insights without relying on intuition or experience.

This initiative is being rolled out at factories around the world. BIL’s Hoshizaki Factory, which plays a key role in strengthening production capacity for inkjet printheads and related components, is working to improve the production efficiency of the entire factory by promoting factory visualization and data utilization through construction of an information integration platform. The Brother Group will continue to further strengthen its manufacturing capabilities, with the aim of further enhancing quality assurance and improving operational efficiency.



Brother Industries (Vietnam) Ltd.

Medium-term Business Strategy | Management Foundation Strategy

Social and Relationship Capital

Capital status

- Number of consolidated subsidiaries: 103 companies*¹
- Number of countries and regions supplied with Brother products and services: More than 180*^{1,2}

*¹ As of March 31, 2025

*² Countries or regions with Brother sales facilities or authorized Brother agents

Results and Review of “CS B2024”

The following targets regarding the materiality “Pursuing a responsible value chain” were achieved.

- Sustainability targets 1 “Expand the human rights risk assessment on suppliers.”
 - Formulated the Brother Group Human Rights Global Policy (Human Rights Policy).
 - Implemented human rights due diligence (DD).
 - Details of Human Rights DD
 - Provided training on human rights risks to first-tier suppliers.
 - Continued to conduct responsible mineral procurement activities.
- Sustainability targets 2 “Attain RBA*³ Gold certification for three Group manufacturing facilities”
 - Details of RBA
 - The following four facilities received the highest level of RBA, Platinum Certification.
 1. Brother Technology (Shenzhen) Ltd.
 2. Brother Industries (Philippines), Inc.
 3. Brother Industries, Ltd. (Hoshizaki Factory)
 4. Brother Industries (Vietnam) Ltd.

“CS B2027” Policy

Aiming to ensure respect for human rights and the safety and security of all people involved in the value chain of the Group's business in line with its materiality of “pursuing a responsible value chain,” the Brother Group implements initiatives to achieve the following targets.

FY2027 sustainability targets

- Enhance the effectiveness of human rights risk assessments across the entire value chain.
- Continuously obtain RBA certification at key factories.

*³ Responsible Business Alliance

Respect for Human Rights

Respect for Human Rights

Human Rights Management Cycle Chart



In accordance with its Human Rights Policy, the Brother Group implements human rights DD based on human rights education and communication with suppliers. If a human rights issue should arise, we address it through the grievance mechanism. We thereby thoroughly ensure respect for human rights and the safety and security of workers.

Promotion structure

We have established the Responsible Value Chain Subcommittee as one of the subcommittees under the Sustainability Committee to promote group-wide global efforts to ensure respect for human rights.

Implementation of Human Rights Due Diligence

- We conduct surveys on first-tier suppliers*⁴ of our main businesses annually*⁵ to confirm that there are no forced labor, child labor, or health and safety issues.
- For first-tier suppliers selected based on the survey results, we conduct audits, including on-site audits.
- We confirmed that none of our first-tier suppliers used forced labor or child labor for the four years up to FY2024.
- In FY2024, we also conducted human rights DD beyond our upstream suppliers and confirmed that there were no significant risks.

Human Rights Due Diligence FY2024 Result	Assessment based on survey	Result	1,196 companies
	Onsite or online audit	Result	25 companies
	Number of companies subject to correction after audit	Result	1 company* ⁶

Establishment of grievance mechanisms

The Group joined the Japan Center for Engagement and Remedy on Business

and Human Rights (JaCER) in FY2022, and established a whistleblowing helpline through which all stakeholders can report specific human rights concerns.

Human rights training

In FY2024, with the aim of promoting understanding of “business and human rights”*⁷ among first-tier suppliers in Japan and overseas, we conducted human rights training for procurement personnel and factory management personnel of all first-tier suppliers of our main businesses.

*⁴ Suppliers are companies that supply parts that are necessary for manufacturing Brother products.

*⁵ The survey is conducted once every two years for the Domino Group (Domino Printing Sciences and its group companies that operate the Domino Business).

*⁶ This entity was a first-tier supplier for Brother Machinery Xian Co., Ltd. Corrective action in progress.

*⁷ Considering the impact of corporate activities on human rights and protecting and respecting human rights

Co-Creation of Value with Suppliers (Business Partners)

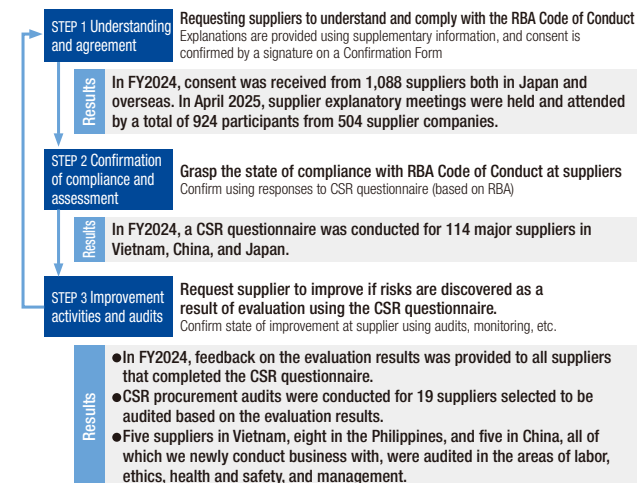
CSR Procurement Efforts

The Brother Group has formulated the Procurement Policy and CSR Procurement Standards, and conducts explanatory meetings and other activities to ensure that they are fully understood by its suppliers, thereby raising the level of CSR procurement.

Implementation of the CSR Procurement Level-up Program

- We have implemented the CSR Procurement Level-up Program since FY2020.
- We aim to improve the level of CSR procurement at our suppliers by repeating the following three steps.

CSR Procurement Level-up Program





Medium-term Business Strategy | Management Foundation Strategy

Natural Capital (Environmental Initiatives)

Capital status

- Resource consumption (raw materials for products) 207,760t*1
- Total energy consumption (crude oil equivalent) 46,164kL*1

*1 FY2024 results

Brother Group Environmental Vision 2050

	Long-term Vision for FY2050	Medium-term Target for FY2030
Reduction of CO₂ Emissions	Scopes 1,2 Carbon Neutrality*2 Scope 3 Minimize CO ₂ Emissions	Scopes 1,2 65% Reduction (from FY2015) Scope 3 28.5% Reduction (from FY2022)
Resource Circulation	Maximize Resource Circulation	Use of Virgin Materials 25% Reduction*3 (from FY2022)
Biodiversity Conservation	Positive Net Gain for Biodiversity	Reduction of Ecosystem Impact

*2 Achieve overall zero CO₂ emissions from the Brother Group

*3 Applies to the Printing & Solutions Business

Results and Review of “CS B2024”

- Achieve sustainability targets related to reduction of CO₂ emissions and resource circulation
 - [Scope 1,2] Achieve 47% reduction (from FY2015 level)
Achievements: Achieved a 49.7% reduction
 - [Scope 3] Take measures to reduce 150,000 tons through own effort
Achievements: Achieved a 177,000 tons reduction
 - [Resource Circulation] Achieve a ratio of virgin materials used in products of 81% or less
Achievements: Achieved a 79.3% ratio of virgin materials

Environmental Action Plan 2024

“CS B2027” Policy

- Achieve sustainability targets related to reduction of CO₂ emissions and resource circulation
 - [Scope 1,2] Achieve 56% reduction (from FY2015 level)
 - [Scope 3] Achieve 25.2% reduction based on sales (from FY2022 level)
 - [Resource Circulation] Reduce the amount of virgin materials used in products based on sales by 16.9% (from FY2022 level)

Environmental Action Plan 2027

Realization of Carbon Neutrality

Realization of Carbon Neutrality



Solar panel in Kariya Factory

In October 2024, Kariya Factory, one of the manufacturing factories of the Machinery Business, achieved carbon neutrality in FY2023 and completed the verification of compliance with the ISO 14068-1:2023 standard*4. This is the first time that the Brother Group has achieved carbon neutrality in accordance with the ISO 14068-1:2023 standard, and it is also the first case in the manufacturing industry in Japan.

To achieve its carbon neutrality, Kariya Factory is working to reduce CO₂ emissions under a policy to place top priority on both actively introducing renewable energy and improving energy consumption efficiency through energy conservation.

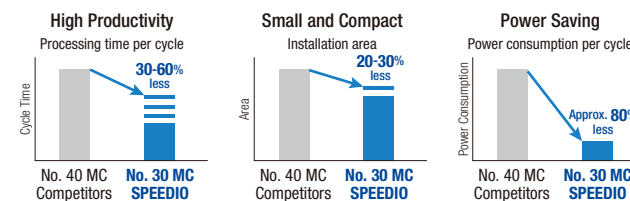
*4 An international standard that provides principles, requirements, and guidance for achieving and demonstrating carbon neutrality

Machine tool “SPEEDIO” Wins the FY2024 Energy Conservation Grand Prize and Agency for Natural Resources and Energy Commissioner's Award

External Award (Energy Conservation Grand Prize)

The machine tool SPEEDIO is a #30 spindle machining center (MC) that combines an expanded machining area and compact body size with excellent energy efficiency. It contributes to energy-saving and CO₂ reduction for customers through its warm-up-free function, which reduces power consumption by approximately 10%, as well as its chip shower control according to chip volume. Furthermore, by expanding the machining area of the Y/Z axes while maintaining the external dimensions, it is now possible to machine some parts that were previously machined using #40 to #50 machine tools. In recognition of these performance features, SPEEDIO received the Energy Conservation Grand Prize and Agency for Natural Resources and Energy Commissioner's Award, and the Aichi Environmental Award sponsored by Aichi Prefecture in FY2024.

Strengths of SPEEDIO



Remanufacturing and Recycling of Toner and Ink Cartridges

SDGs STORY

The Brother Group remanufactures end-of-life toner and ink cartridges at the Brother's remanufacturing sites into toner and ink cartridges having the same quality as brand new ones, and delivers them to customers. By recycling those cartridges that cannot be remanufactured, the Brother Group is contributing to the waste reduction and the effective utilization of natural resources, as well as to reduction of CO₂ emissions. In FY2024, the Brother Group as a whole remanufactured 2.8 million toner cartridges, contributing to a reduction of 4,400 tons of CO₂ emissions and 1,100 tons of virgin materials. Furthermore, in March 2025, Brother Industries, Ltd. (BIL) was named a leader in a report published by IDC, a U.S.-based research firm, as the only printer manufacturer that supports remanufacturing of both toner and ink cartridges.

Brother named a Leader in IDC Market Scope

Compact and Lightweight Molded Pulp Cushioning Material

SDGs STORY



Conventional cushioning materials entirely covered products. Brother Industries' engineering capabilities have reduced their size and weight, achieving a 33% reduction in CO₂ emissions from the production of cushioning materials and a 7% reduction in the volume of product boxes. Furthermore, drop simulations were used for Brother's proprietary molded pulp cushioning material, making it possible to reduce the number of prototype iterations, significantly shorten the development period, and improve the design efficiency.

Winner of the Packaging Technology Award (Technical Packaging Award) of the 2024 Japan Packaging Contest

Brother Wins WorldStar Award for Newly Designed Molded Pulp

Biodiversity Conservation: Nationally Certified Sustainably Managed Natural Site

Biodiversity Conservation

Brother Forests in Gujo, where BIL has been working on environmental protection, and Mie Brother's Saiku Kobushi-no-Mori, where Mie Brother has been promoting biodiversity conservation activities, have been recognized by the Ministry of the Environment as “Nationally Certified Sustainably Managed Natural Sites”, and have also been registered on OECMs.



Medium-term Business Strategy | Round Table

Outside Directors' Round Table

Driving Business Portfolio Transformation and Preparing for the Future — Outside Directors' Insights into the Brother Group's Challenges and Prospects



Under its vision “At your side 2030” and medium-term business strategy “CS B2027,” the Brother Group is accelerating business portfolio transformation to strengthen profitability. To secure this progress and lay foundations for the future, strategic monitoring by the Board of Directors and the perspectives of Outside Directors are essential. In this Round Table, five Outside Directors discussed the Board’s effectiveness, executive succession planning, investment in growth businesses, and measures to enhance shareholder value, sharing their views on the challenges and prospects for the sustainable growth of the Brother Group.

Materiality: Supporting Value Creation through Governance

Q One materiality is “supporting value creation through governance,” with efforts to enhance governance functions in anticipation of business portfolio transformation. As an Outside Director, how do you contribute to improving the quality of proposals for the executive and strategic discussions?

Shirai: In “CS B2027,” each business has clear roles and key metrics and is executing its own strategy accordingly. The Printing & Solutions (P&S) Business, as our core business and the main touchpoint with general consumers, is critical in directly communicating Brother’s values. For example, by shifting packaging from polystyrene foam to pulp mold, CO₂ emissions were cut by about 60%, showing a strong commitment to the environment. Such initiatives resonate with eco-conscious consumers, expand our fan base, and may attract future shareholders. Outside Directors should support these efforts.

For the growth business area, strategic investment, alliances, organizational agility, and diverse talents are essential. We must embrace varied values and global perspectives to foster a new culture that transcends traditional Japanese corporate frameworks. In particular, I see the need for deeper Board discussions on systems that enable talent diversity to flourish.

Miyaki: Even in a shrinking market, I believe the P&S Business can sustain revenue by expanding our share and strengthening cost



Medium-term Business Strategy | Round Table

Outside Directors' Round Table

competitiveness. In the Industrial area, Brother has technological prowess, but this is not yet fully reflected in revenue. By advancing application development, we can grow significantly in markets where Brother's strengths stand out.

For manufacturing, I see governance as "making good products properly, selling them properly, and guaranteeing them properly." Without acting "properly," risks such as quality issues or weaker price competitiveness may emerge. I believe that true governance at Brother lies in combining innovative ideas with solid technology to keep delivering products of real value to society.

Hidaka: Regarding governance, our Board of Directors is reviewing



its role by debating the pros and cons of "management-oriented" versus "monitoring-oriented" models, including how best to oversee

strategy execution. We are now identifying challenges we need to address and shaping concrete approaches to achieve "proactive governance." Going forward, I believe it is vital to further define the Board's role to firmly support sustained corporate value creation.

Executive Nomination & Evaluation, and Next-Generation Leader Development

Q The selection of top executive and executive evaluation are critical governance functions directly tied to the

medium- to long-term enhancement of corporate value. In the recent appointment of President Ikeda, what criteria and perspectives guided the Nomination Committee's discussions?

Takeuchi: We began the selection process for the next president at the beginning of the year before last. All the Outside Directors interviewed each candidate to directly assess their views on management policies and company operations. We placed particular emphasis on leadership qualities—especially proactiveness and willingness to take on new challenges. Ultimately, Mr. Ikeda was recommended to the Board of Directors for his positive outlook, openness, and strong ability to lead the organization.

Hidaka: As noted, we evaluated candidates based on sufficient information. Although our Nomination Committee is a body advising the Board, I strongly felt the Board took its recommendations seriously and reflected them in its decision-making.

Succession planning is often prepared just 2–3 years in advance, but ideally it should begin the year after a new president takes office. That process should also include structured development, such as assigning candidates to key roles.

Uchida: When we consider a structured development process, one challenge in our succession process is age distribution. President Ikeda and about half of the Executive Officers are in their 60s, so ensuring smooth successions is vital.

Promising young talent should be given executive positions

early, such as subsidiary president roles, through strategic assignments. At present, succession planning is not yet fully embedded, so it is important for Outside Directors to actively engage and drive reform.

Miyagi: I agree. What concerns me most is the age gap among succession candidates. Executive succession candidates should be given diverse and challenging assignments early on to rigorously develop their capabilities as future presidential candidates.

Takeuchi: Indeed, developing younger executive talent requires a structured development plan and a clear career path. For future executive talent, diverse experiences are essential, but in reality, managers often "hold on" to subordinates, limiting their opportunities to broaden their perspectives.



It is also crucial to foster management interest among Brother's technical talent. Even those with technical backgrounds should gain experience in HR, finance, and other corporate functions. Since about 80% of our workforce has a science or engineering background, keeping them confined to technical roles makes it difficult to develop future executives. Revisiting this structure to build a stronger pipeline of executive talent is a key challenge for the company.



Medium-term Business Strategy | Round Table

Outside Directors' Round Table

Succession of Outside Directors and Outside Auditors

Q How is the succession of outside officers currently being considered and developed? From the perspectives of diversity and required expertise, what challenges do you see in pooling, selecting, and appointing outside talent, and what improvements should be made going forward?

Shirai: The Nomination Committee has had various discussions,



but it is undeniable that the current candidate selection process remains rather passive. To sustain and strengthen the function of outside officers, both

renewal and systematic selection are indispensable. The Board of Directors should be viewed as a single team; we need to assess the necessary skill sets and then revise the skill matrix in line with the future vision. We Outside Directors ourselves must also take a more proactive role in the appointment process.

Uchida: I agree. Of course, Outside Directors must fulfill their compliance oversight role, but more importantly, they are expected to serve as an “accelerator” for driving transformation.

As for diversity, the focus should not be limited to attributes such as gender or nationality, but should also extend to diversity of perspectives and ways of thinking. It is important to envision

what Brother should look like in the future and work backward from there to define the required talent profile. If the mindset is simply “who should succeed the current officer,” appointments will inevitably remain an extension of the past. For example, appointing young venture entrepreneurs or seriously globalizing the Board by inviting non-Japanese members and conducting Board meetings in English—such bold measures should be considered.

Hidaka: Regarding the appointment of outside officers, I intend to become more actively involved and make stronger proposals. In this year's Nomination Committee, based on our view of the Board's ideal form, we plan to deepen discussions on what nomination and appointment process for outside officers would be most effective, as well as how each committee member's role should be defined.

Medium-term Business Strategy and Progress in Business Portfolio Transformation

Q Under the medium-term business strategy “CS B2027,” Brother continues to pursue expansion in the industrial area and transformation in Printing, following the previous medium-term business strategy “CS B2024” (FY2022–FY2024). How does the Board of Directors monitor business portfolio transformation and ensure its effectiveness?

Uchida: The direction of significantly increasing the industrial area's percentage of sales is clear, but at this stage the activities

still seem insufficient. As long as the P&S Business remains steady and profitable, there is a tendency for the sense of urgency about transformation to fade. What truly matters is not the quality of the strategy itself but the ability to execute it.

Since organic growth alone has its limits, it is essential to bring in talent from outside to head businesses and take on a pivotal role in driving growth and transformation. Active use of M&A will also be indispensable. The personnel system must be reviewed as well. Unless we shift toward valuing those who take on challenges—even if they fail—over those who simply do nothing, strategies risk ending up as nothing more than aspirations on paper.

Miyaki: In monitoring business portfolio transformation, what I pay close attention to is whether the Company has become bolder in its allocation of resources. Instead of relying too heavily on M&A, I believe the Company should also significantly expand investment in areas such as R&D to drive growth. I am also carefully monitoring how effectively management is reallocating talent to growth areas.

At the same time, the P&S Business must continue to generate stable profits. It is therefore extremely important for the executive to send clear messages and engage in thoughtful internal communication so that people in this business feel they are truly valued by the Company. This sense of psychological support and teamwork is, in my view, the very foundation that enables the Company to push forward transformation across the organization.



Medium-term Business Strategy | Round Table

Outside Directors' Round Table

**Approach to Improving Market Valuation and
Enhancing Shareholder Value**

Q The Company's PBR and PER are below the averages of the TSE Prime Market. How does the Board of Directors view and discuss these market valuations?

Hidaka: I see two main reasons why our stock price has been sluggish. First, our organization places a strong emphasis on stability and careful, steady execution. While this has its merits, it has also led to the accumulation of shareholders' equity, resulting in lower capital efficiency. Second, the market does not yet have sufficient confidence in our future growth potential. We need to communicate more clearly and convincingly about our strategic shift toward the industrial area and convey the specific initiatives and expectations behind it.

We already have an excellent lineup of machine tools, and the key will be how we grow these businesses. Organic growth alone has its limits, so we must also consider M&A as an important option to complement our marketing, technological, and solution capabilities.

Takeuchi: Generating profits is, of course, the basic mission of any company. At the same time, however, it is equally important that the market sees us as a company that inspires dreams and expectations. To achieve this, we must strengthen our dialogue with the capital markets and proactively communicate our growth strategy and future vision through IR activities.

When it comes to new businesses, projects of only several billion yen in scale would be unlikely to gain meaningful recognition from the market. We should be envisioning businesses of at least



tens of billions of yen, and ultimately even larger.

Exploration in this area should include a robust intellectual property strategy. I especially hope

that the creativity and execution capabilities of our technical talent will be harnessed to drive the creation of new businesses.

Shirai: To continuously enhance our market valuation, repurchasing of our own shares may be one option, but what is even more important is transforming our business structure toward higher profitability.

In addition, strengthening sustainable management and enhancing brand value will form the foundation for enhancing shareholder value. Expanding the base of Brother brand fans and attracting more long-term investors who are willing to hold our shares in support is also essential. To that end, we should consider every possible option, including bold measures such as changing the company name.

Uchida: To meet investor expectations for growth, it will be essential to strengthen our competitiveness, not only in selling products (*mono-uri*) but also in offering solutions and services (*koto-uri*). For example, in the P&S Business, we must further

accelerate the shift from a conventional one-time sales model to "customer-engagement" business models such as MPS*¹ and subscription services.*²

However, the market currently perceives our execution in *koto-uri* as insufficient, which makes our valuation overly dependent on short-term business performance and leaves our PER at a low level. Demonstrating Brother's unique business model with a ten-year perspective to the capital markets is critical.

Miyaki: I also believe that sustainable growth in manufacturing comes from combining both *mono-uri* and *koto-uri*. The ideal is to become a company that earns the trust of society and the love of customers, with profits and share prices naturally following as a result. While it is inevitable that our performance will fluctuate due to external factors such as exchange rates or tariff policies, we should not be swayed by these in the short term. Instead, I believe that steadily pursuing Our Purpose as articulated in the Brother Group Vision "At your side 2030" will build the foundation for long-term shareholder value creation.



*¹ Managed Print Services: Print services for corporate customers that can optimize functions and pricing plans for each customer

*² A fixed fee monthly subscription service



Strengthening “Supporting Value Creation through Governance” to Enhance Long-Term Corporate Value

Toshikazu Koike

Director & Chairman
Chairperson of the Board



Features of Brother's Board of Directors

At Brother Industries, half of our Directors are Outside Directors with diverse expertise, including global business experience, executive management, professional knowledge, and work on social issues. This breadth ensures well-rounded perspectives rather than reliance on any single field. A hallmark of our Board of Directors is its open and vigorous discussions. Outside Directors contribute valuable outside views and advice on the growth of the Brother Group, fostering constructive tension and leading to high-quality discussions that enhance corporate value.

Our Audit & Supervisory Board—the counterpart to the Board of Directors—also reflects this diversity, with a majority of Outside Auditors, and from FY2025, women account for about half of them.

Together, the two Boards actively support disciplined transformation toward achieving our Group Vision and medium-term business strategy.

Board of Directors' Role in Formulating the Medium-term Business Strategy

In developing the new medium-term business strategy under our new President, the Board of Directors engaged in active discussions from both short- and medium- to long-term perspectives. In today's volatile environment, it is vital to draw on diverse expertise from people with different backgrounds, formulate precise strategies, and execute swiftly. To enable Outside Directors to provide effective oversight and advice, we continually enhance information-sharing and ensure their access to relevant data.

In “CS B2027,” we newly added “supporting value creation through governance” to our materialities. This reflects our commitment not only to protective governance but also to proactive governance that drives business transformation.

Guided by the theme of “CS B2027,” “Creating our future. Boldly,” the Board will firmly support executive challenges.

Toward Enhancement of Corporate Value over the Medium to Long Term

We believe that respecting diversity and enabling every employee to thrive positively and powerfully with energy and confidence is the foundation for the Brother Group's long-term value creation.

To foster this positive cycle, I actively share my own experiences and encourage our employees to embrace the spirit of challenge. Terry's* Challenge Academy, now in its 12th year, has evolved into a next-generation leadership program. Through open dialogue, collaboration, and shared goals, it helps cultivate the talent who will shape Brother's future. Even in uncertain times, I remain committed to supporting our employees so that they can take on challenges without fear of failure.



Governance

Board of Directors, Corporate Auditors and Executive Officers

(As of June 25, 2025)

Board of Directors, Corporate Auditors and Executive Officers

Skill Matrix and Reasons for Their Appointment

● Chairman of the Board ● Nomination Committee ● Committee Chairman ● Compensation Committee ● Committee Chairman

Board of Directors

**Toshikazu Koike**

(69 years old)

Director & Chairman

**Kazufumi Ikeda**

(62 years old)

Representative
Director & President**Tadashi Ishiguro**

(65 years old)

Representative Director
& Executive Vice President
Head of Industrial Printing Business Division**Satoru Kuwabara**

(62 years old)

Representative Director
& Executive Vice President
Head of Printing & Solutions Business Division**Taizo Murakami**

(63 years old)

Director & Senior Managing Executive Officer

Outside Directors

**Keisuke Takeuchi**

(77 years old)

Outside Director

**Aya Shirai**

(65 years old)

Outside Director

**Kazunari Uchida**

(73 years old)

Outside Director

**Naoki Hidaka**

(72 years old)

Outside Director

**Masahiko Miyaki**

(71 years old)

Outside Director



Governance

Board of Directors, Corporate Auditors and Executive Officers (As of June 25, 2025)

Board of Directors, Corporate Auditors and Executive Officers Skill Matrix and Reasons for Their Appointment

Audit & Supervisory Board (Chairman)

Corporate Auditors

 Keizo Obayashi (62 years old) Standing Corporate Auditor	 Takeshi Yamada (62 years old) Standing Corporate Auditor	 Akira Yamada (72 years old) Outside Auditor	 Chika Matsumoto (64 years old) Outside Auditor	 Ikuko Akamatsu (57 years old) Outside Auditor
--	--	--	--	---

Executive Officers

Senior Managing Executive Officers

Makoto Hoshi

Head of Machinery Business Division

Responsible for: Industrial Sewing Machine Business, Machinery Business Division

•Business Planning Dept., Industrial Sewing Machine Sales Dept., Industrial Sewing Machine Development Dept.

Tsuyoshi Suzuki

Responsible for: Design Dept., Systems Processes Development Dept.

Toshihiro Itou

Responsible for: Law, Environment & General Affairs Dept., Corporate Communication Dept., Environment & Climate Change Strategy Dept.

Managing Executive Officers

Tetsuro Koide

Responsible for: Domino Business, Industrial Printing Business Division

•Domino Business Office, Domino R&D Dept.

Yumiko Iwadare

Responsible for: Printing & Solutions Business Division

•Business Planning Dept., Business Development I Dept., Business Development II Dept., CX Development Dept., Labeling Solutions Business Development Dept.

General Manager of Business Planning Dept.

Yasuyuki Hasegawa

Responsible for: Printing & Automation Business, Industrial Printing Business Division

•Printing & Automation Business Development Dept., Printing & Automation Development Dept.

Executive Officers

Tatsuo Terakura

Responsible for: Industrial Equipment Business, Machinery Business Division

•Machine Tools Sales Dept., Machine Tools Development Dept., Technology Dept., Production Dept., Machine Tools CS Planning Dept., Quality Management Dept.

Masahiro Akita

Head of Personal & Home Business Division

Responsible for: Personal & Home Business Division

•Business Planning Dept., Sales & Marketing Dept., Development Dept., Production Innovation Dept., Quality Management & Customer Satisfaction Dept.

Hiroaki Fujino

Responsible for: Intellectual Property Dept.

General Manager of Intellectual Property Dept.

Akira Nakashima

Responsible for: Finance & Accounting Dept.

General Manager of Finance & Accounting Dept.

Eiji Okada

Responsible for: Human Resources Dept.

General Manager of Human Resources Dept.

Hirotake Nakamura

Responsible for: Inkjet Device Integration Dept.

General Manager of Inkjet Device Integration Dept.

Kunihiro Yasui

Responsible for: New Business Development Dept.

General Manager of New Business Development Dept.

Takashi Iseki

Responsible for: Printing & Solutions Business Division

•Production Dept.

General Manager of Production Dept.

Group Managing Executive Officers

Donald Cummins

Director & President of Brother International Corporation (U.S.A.)

Robert Pulford

Director & CEO of DOMINO PRINTING SCIENCES PLC

Group Executive Officers

Yoshiichi Sugimoto

Director & Chairman of Xing Inc.

Koichi Yasui

Representative Director & President of Brother Sales, Ltd.

Governance

Corporate Governance

Basic Approaches

In the Brother Group Global Charter, which provides the foundation for all Brother Group activities, BIL sets out its fundamental approaches to corporate governance. These include enhancement of corporate value over the long term by optimizing management resources and creating customer value, and development of long-term trustful relationships with shareholders by enhancing corporate transparency through active provision of corporate information to shareholders. Based on these approaches, we seek optimum corporate governance to enhance corporate value and continue to work on strengthening corporate governance. We also strive to strengthen governance in accordance with the Brother Group Basic Policies on Corporate Governance, which set forth policies such as securing the rights and equal treatment of shareholders, appropriate cooperation with stakeholders, the responsibilities of the Board of Directors, and dialogues with shareholders.

Brother Group Basic Policies on Corporate Governance

Changes in Corporate Governance

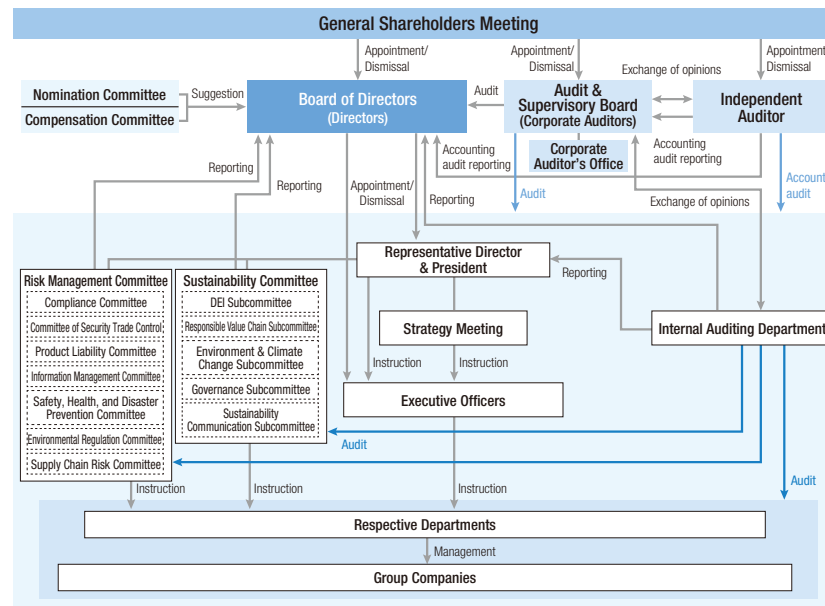
Corporate Governance Structure

BIL positions the Board of Directors as the body that decides on basic management policies, makes high-level management decisions, and supervises the execution of business operations. We therefore adopt a Company with an Audit & Supervisory Board structure, considering it most suitable for our company. In addition, we continuously work to enhance our corporate governance structure to ensure high transparency and objectivity. In FY2022, in order to enhance the management with an emphasis on sustainability, we established the Sustainability Committee, chaired by the Representative Director & President. The Committee discusses sustainability issues on a continuous basis and reports regularly to the Board of Directors.

Board of Directors

In principle, meetings, which are chaired by the Director & Chairman, are held once each month. To increase medium- to long-term corporate value, the Board of Directors formulates management strategies and

Governance Structure (As of June 25, 2025)



Institution	Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee
FY2024 Past events (Attendance rate)	13 times (100%)	12 times (100%)	6 times (100%)	5 times (100%)

plans and carries out decision-making on important executive operations. At the same time, the Board of Directors supervises the Directors, Executive Officers, and other parties in their execution of operations, and strives to establish structures that ensure management soundness, such as the Group's internal control and risk management systems.

Audit & Supervisory Board

The Corporate Auditors have high levels of expertise in fields such as law and accounting, and following the audit standards established by the Audit & Supervisory Board, mainly conduct the audit activities, audit the Directors' execution of duties, and conduct audits on the state of establishment and implementation of the Group's internal control system.

Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. Executive Officers—including Group Executive Officers—are elected by the Board of Directors. In accordance with the basic management policies determined by the Board, they make decisions on matters related to executive operations delegated by the Board of Directors and implement those decisions. At the same time, the Executive Officers are responsible for overseeing the operations of businesses, departments, and Group subsidiaries under their supervision.

Nomination Committee and Compensation Committee

BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or dismissal and remuneration of Directors and Executive Officers.

The Nomination Committee deliberates on the

agenda of the general meeting of shareholders concerning appointment or dismissal of Directors and the agenda of the Board of Directors concerning appointment or dismissal of Executive Officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and it reports the outcome to the Board of Directors. The Nomination Committee also reports to the Board of Directors on matters such as succession planning for the President and other top management.

The Compensation Committee deliberates on the policy and internal regulations concerning executive remuneration, including the standard for calculating remuneration for Directors and Executive Officers, as well as remunerations of individual Directors and Executive Officers, and it reports the outcome to the Board of Directors.

Corporate Governance Structure

Governance

Corporate Governance

Outside Directors

Independent Officer Selection Standards

The Company has established the Independence Standards for Outside Officers in the Brother Group Basic Policies on Corporate Governance as standards on independence for appointing Outside Directors and Outside Auditors. The Company's Outside Directors and Outside Auditors all satisfy the Standards, and the Company considers them sufficiently independent to perform their duties as Outside Officers from a standpoint independent of the Company's managing executives. The Company has also reported to the Tokyo Stock Exchange and Nagoya Stock Exchange all Outside Directors and Outside Auditors are independent officers as specified by each Exchange.

[Independence Standards for Outside Officers](#)

Reason for Selection of Outside Officers

In selecting Outside Directors, we place emphasis on factors such as global business experience and extensive management experience, high-level expertise, and experience in solving social issues. We strive to create a composition of officers with a variety of skills as required for corporate management, rather than skills in limited fields.

[Skills Matrix and Reason for Appointment](#)

Succession Plans for Top Management

BIL's Nomination Committee regularly considers succession plans for the President and other top management. The Nomination Committee, which is mainly composed of Outside Directors, considers and discusses such plans from a wide variety of viewpoints, such as requirements for management personnel according to management strategies and business environments and the development and appointment of human resources. The Committee's considerations and discussions, along with management personnel evaluations made through meetings with Executive Officers and other means, are reflected in the nomination of Directors and Executive Officers for each year.

Column

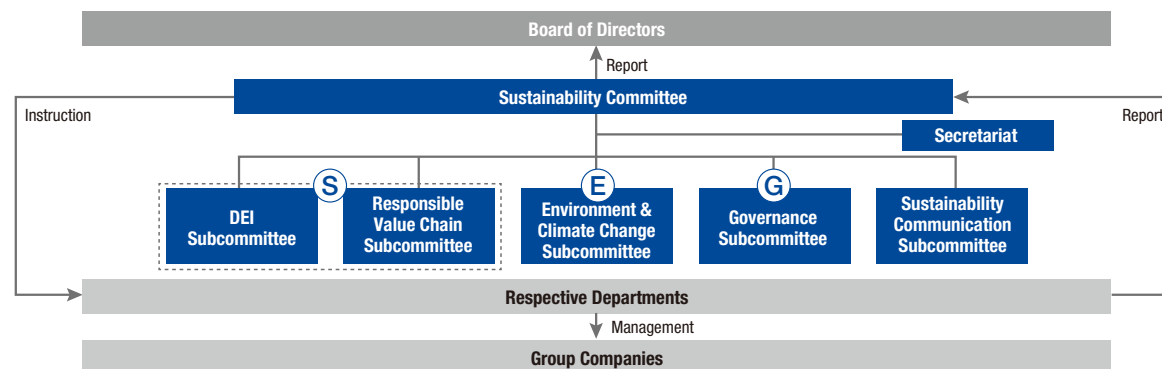
Efforts and Promotion Structure of Sustainability

The Brother Group has established the Sustainability Committee based on the Basic Policy on Sustainability. Chaired by the Representative Director & President, this Committee aims to globally promote management with an emphasis on sustainability, including various activities to resolve materialities.

The Committee holds regular meetings and extraordinary meetings convened by the Chairman as necessary, and consists of those in charge of each subcommittee, Executive Officers of managing executive level or higher, heads of each business division, and other persons designated by the Representative Director & President as needed. The Committee conducts ongoing discussions and decision-making on sustainability issues.

In addition, the Chairman regularly reports to the Board of Directors on the Committee's activity plans and results.

Promotion structure (As of April 1, 2025)



Key discussion points at the Sustainability Committee

Year of meeting	Number of times held	Key discussion details	
FY2024	19	● Reporting of results of each subcommittee and discussion of annual plans ● Reporting of the draft content plan for the Integrated Report 2024, with provision of its contents prior to public disclosure ● Reporting of employee engagement survey results	● Redefining Materiality and discussing Materiality targets ● Discussion on TNFD endorsement

[Basic Policy on Sustainability](#)

[Promotion Structure for Management with an Emphasis on Sustainability](#)



Governance

Corporate Governance

Effectiveness of the Board of Directors

Conducting Evaluation of the Effectiveness of Directors

At BIL, respective directors and auditors every year evaluate the effectiveness of the Board of Directors and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary of its results in a timely and appropriate manner.

The evaluation of the Board of Directors for FY2024 was conducted in February 2025 by having all Directors and Corporate Auditors answer a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the Board of Directors
- Management plans and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc., and review of measures implemented in the previous year

 Process for Evaluation of the Effectiveness of the Board of Directors

Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the Board of Directors held in May 2025, the evaluation results were discussed, and it was confirmed that BIL's Board of Directors was functioning effectively in general. In consideration of opinions and requests shared through the latest survey for the evaluation of the Board of Directors, the following initiatives will be implemented in FY2025:

- Provide feedback to Executive Officers in the process of formulation of the next medium-term business strategy
 - "CS B2027" Report on the progress of four priority themes
- Continue to provide adequate information to officers

By implementing these initiatives, the Board of Directors will continue to improve its own effectiveness.

State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the Board of Directors in February 2024 confirmed that BIL's Board was functioning effectively overall. In response to the requests and the comments on areas for improvement received through the evaluation of the Board of Directors, the following measures were taken in FY2024.

- Hold discussions at meetings of the Board of Directors on key management themes and provide feedback to the executive team in the process of formulation of medium-term business strategies Especially, financial strategy, investment in human capital and human resources strategy
- Hold discussions at meetings of the Board of Directors on the ideal form of BIL's corporate governance

Officer Remuneration

Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial talents from inside and outside the Company and serves the purpose of sustainably increasing corporate value. We have also adopted a policy of paying remuneration at appropriate levels according to job responsibilities and performance.

In FY2022, we revised the details of the performance-based and stock-based remuneration plans with the aim of continuously improving our corporate value.

The Company's Director remuneration is composed of the following:

Type of remuneration	Eligible individuals	Details of remuneration
Basic remuneration	All Directors	A fixed amount of remuneration paid to all Directors
Annual bonus	Full-time Directors who concurrently serve as Executive Officers	Monetary remuneration linked to business performance in the relevant fiscal year
Stock-based compensation	Directors other than Outside Directors and parttime Directors	Stock-based compensation linked to medium-term business performance and other factors (in cases where an eligible Director is a non-resident of Japan, alternative compensation is paid in the form of money)

Full-time Directors who do not concurrently serve as executive Directors (excluding Outside Directors) are paid only basic remuneration and stock-based compensation. Outside Directors and part-time Directors are paid only basic remuneration.

Objectivity and transparency regarding the amounts and calculation methods of all forms of Director remuneration are insured by specifying them in detail in the Company's Director Remuneration Rules and Share Grant Rules (collectively referred to as the "Director Remuneration Rules etc."). Revisions to the Director Remuneration Rules etc. require deliberation by the Compensation Committee and a resolution by the Board of Directors.

Remuneration paid to the Company's Corporate Auditors comprises only basic remuneration, which is fixed-amount remuneration, and is prescribed in the Corporate Auditor Remuneration Rules established by the Audit & Supervisory Board.

 Amounts and Calculation Methods of Officer Remuneration



Governance

Risk Management

Approach to Risk Management

The Brother Group aims for sustainable growth and strives to be a company that is trusted by all its stakeholders. We aim to enhance our ability to realize the Group Vision through recognizing that risks may hinder the creation of customer value, which is manifested in the Group Vision “At your side 2030” from FY2022 to FY2030, and conducting appropriate risk management.

As the Group develops multiple businesses globally, we recognize that there is a high level of complexity and uncertainty in the global environment due to global economic effects and geopolitical factors. In addition, we constantly recognize and respond to risks relating to compliance, product safety, import/export control, security trade, information management, environmental laws and regulations, safety, health, disaster prevention, and supply chain. Together with strengthening business continuity in times of crisis and re-examining structures for sustainable value creation, we will aim to recognize and respond to risks with an even more medium- to long-term strategic perspective than before.

Risk Management Promotion System

The Brother Group has established the Risk Management Committee chaired by the Representative Director & President. We have also formulated a comprehensive risk management system based on the Brother Group's Risk Management Regulations with the aim of reducing risks that are likely to have a serious impact on the Group's management. Each organization and subsidiary within the Group understands the risks and their probability of occurrence and makes efforts to manage risks by implementing measures for avoiding or reducing the impact of risks. Systems are in place for regularly reporting the status of such implementation to the Board of Directors.

The Risk Management Committee meets regularly once

every six months. However, we have created an emergency risk management system for responding swiftly to the occurrence of a serious risk event in which the Committee Chairman will urgently convene an extraordinary meeting of the Risk Management Committee.

In addition, we have established dedicated committees with respect to individual risks, including compliance, product safety, import/export control, security trade, information management, environmental laws and regulations, safety, health, disaster prevention, and supply chain, as subcommittees under the Risk Management Committee. With the Representative Director & President (or an executive officer designated by the President) in charge, they make up a risk management system that understands and reduces risks as well as responds when risks are apparent. In particular, for product safety, we have established Basic Product Safety Policies and voluntary product-safety action plans to provide safer products to customers.

Clarification of Evaluation and Responses

We have created systems for evaluating and responding to business risks focused on persons in charge of risk management in each department as well as each Group subsidiary. In addition, the Risk Management Committee manages evaluation and the status of response to material risks concerning the Group as a whole. Specifically, the Committee conducts reviews of risk matters in each fiscal year and gives instructions for preparing risk evaluation sheets to each Group organization and facility. By aggregating the results of the risk evaluation sheets, evaluating the risks according to the level of impact and likelihood of occurrence, and calculating the weight of each risk, the Committee identifies the Group's critical risks. It then gives instructions to each person in charge of risks for responding to and monitoring each of the risks.

Material Risks

Item		Main Risks
Trade and geopolitical risks		●US and China trade friction ●Situation in Russia and Ukraine ●Situation in the Middle East ●Further strengthening of U.S. tariff policies and countermeasures ●Changes in the trade policies and energy policies of various countries
Contraction of printing market		●Contraction of the printing market due to reduced printing on paper
Competition among companies		●Increasing competition in the market due to the rise of new manufacturers
Changed global economic situation		●Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy
Supply chain	Supply chain interruption	●Increased difficulties in the continuous procurement of important parts and materials or shutdown of manufacturing facilities due to geopolitical risks, etc. ●Supply chain interruption due to disasters ●Reduced operations of international logistics networks
	CSR procurement	●Human rights issues within the supply chain ●Involvement in conflicts, human rights violations, labor issues, and environmental destruction resulting from raw material transactions
Risks related to parts and materials		●Difficulty procuring parts and materials ●Parts and materials price hikes
Quality, product liability		●Market quality problems ●PL problems
Laws and regulations	Compliance in general	●Accounting fraud, misappropriation ●Unfair trade practices (competition law violations) ●Quality irregularity ●Bribery (corruption risk)
	Tax systems	●Increase in the tax burden due to additional tax and international double taxation
Environment	Social demands related to the environment	●Physical risks associated with climate change (human damage due to disasters, suspension of operations, supply chain interruption, etc.) ●Transition risks associated with climate change (policy and regulatory risks, market changes)
	Environmental regulation, environmental pollution	●Violation of regulations
Security trade control		●Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control
Information systems	Information security	●External attacks on information systems, product information security ●Leakage of confidential information and personal information
	Information networks	●Shutdown of critical systems
Human resources	Occupational injuries, casualties	●Potential accident risks in the work environment ●Casualties among employees due to disasters
	Securing human resources	●Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel
M&A (impairment risk)		●Expected investment effects not obtained ●Delays in business integration (post-merger integration) ●Goodwill relating to the Domino Business
Currency exchange risks		●Profit reductions and cost increases due to currency rate fluctuations
Intellectual property		●License-related disputes ●Infringement by third parties ●Employee invention disputes

Governance

Compliance

Approach to Compliance

The Brother Group considers that compliance with laws and ethics is indispensable for upholding the foundation of its management with an emphasis on sustainability and avoiding various risks. To ensure thorough compliance throughout the Group, we have established conduct standards for executives and employees based on Ethics and Morality, one of the “Codes of Practice” of the Brother Group Global Charter, and the Brother Group Principles of Social Responsibility, which clearly define our corporate social responsibility and guide us to fulfill it.

Compliance promotion structure

BIL has established the Compliance Committee and set up the Employee Helpline for Compliance Issues to prevent violations, take prompt action in the event of a violation, and prevent reoccurrences thereof. Group companies, including overseas affiliates, have also set up their own employee helplines to deal with any misconduct. If a compliance risk that could have a significant impact on the management of the Brother Group is realized or if its realization is predicted, the Compliance Committee will be notified in a timely manner and respond promptly.

Furthermore, BIL has established the Internal Employee Helpline for Harassment Issues, which is dedicated to addressing harassment issues, creating workplace environments where employees can work while respecting each other. BIL has also set up the Quality Compliance Helpline and the External Compliance Helpline, the latter allowing employees to directly report violations to affiliated lawyers.

Compliance Promotion Structure

Brother Group Global Policy for the Helpline for Compliance Issues

As a mechanism to ensure that each Group company receives and handles internal inquiries and reports on misconduct and other issues, the Employee Helpline for Compliance Issues has been set up to improve each Group company’s ability to govern itself and mitigate the reputation risks entailed by reports to external parties. For helpline operation, Brother Group regulations have defined the Operation Standards of the Employee Helpline for Compliance Issues.

In addition, Group companies regularly report the inquiries and reports to the Secretariat of the BIL Compliance Committee to centralize information and thereby control compliance across the entire Brother Group. In particular, inquiries and reports on cases that could have a significant impact on the management of the Group are received by each Group company. Those cases are also reported to the Secretariat of the BIL Compliance Committee upon the initiation and completion of a primary investigation. To promote these initiatives, BIL has formulated the Brother Group Global Policy for Helpline for Compliance Issues.

Brother Group Global Policy for the Helpline for Compliance Issues

Number of cases handled by the Brother Group Employee Helpline for Compliance Issues

	FY2021	FY2022	FY2023	FY2024
Number of cases handled	90	85	120	112
(Breakdown: BIL)	11	11	22	16
(Breakdown: Group companies in Japan)	56	47	51	58
(Breakdown: Group companies outside Japan)	23	27	47	38

Approaches to Raising Employees' Awareness of Compliance among Brother Group Companies

Brother Group Anti-Corruption Global Policy

In the “Codes of Practice” of the Brother Group Global Charter, the Brother Group commits to complying with relevant laws and regulations in the countries and regions in which it operates.

In recent years, laws and regulations governing bribery and corruption have become increasingly stringent in each country, and in consideration of such circumstances, we have formulated the Brother Group Anti-Corruption Global Policy to further promote our anti-corruption efforts.

Brother Group Anti-Corruption Global Policy

Anti-Corruption Measures

In the Brother Group Principles of Social Responsibility and the Brother Group Anti-Corruption Global Policy, Brother Group employees are prohibited from engaging in corruption or bribery. These policies are communicated to all Brother Group executives and employees through the BIL website and the Brother Group intranet site. In each region, we are promoting anti-corruption initiatives, including employee education.

In Japan, from FY2018, when investigations into corruption and bribery began, to FY2024, there were no terminations for corruption, zero corruption-related fines, and no penalties. Also, BIL's political contributions were zero.

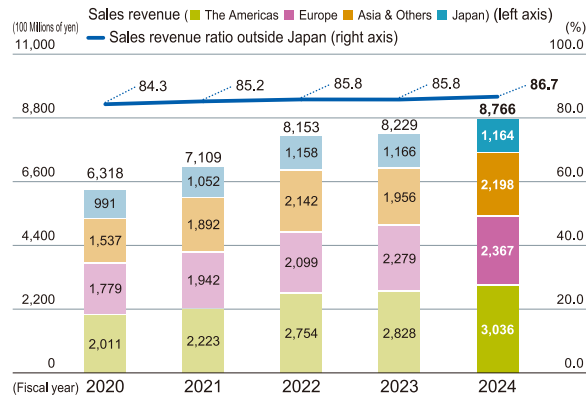
Anti-Corruption Measures



Financial Section

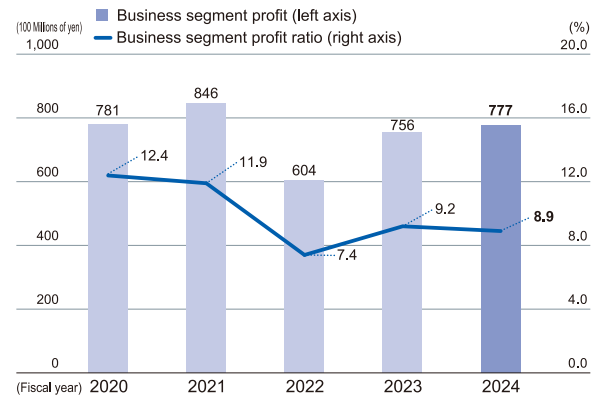
Financial Indicators

Sales Revenue / Sales Revenue Ratio Outside Japan



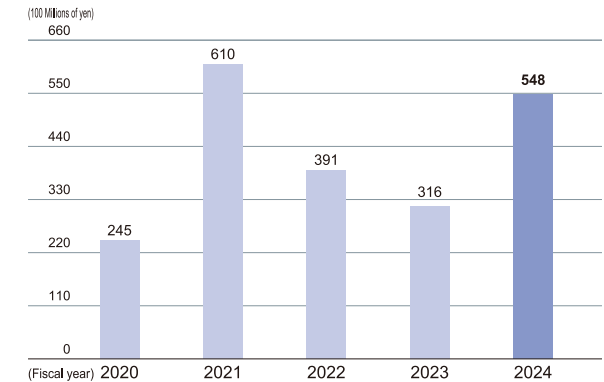
Sales of both hardware and consumables remained steady in the P&S Business. In addition, due also to positive foreign exchange effects, sales revenue reached a record high.

Business Segment Profit / Business Segment Profit Ratio



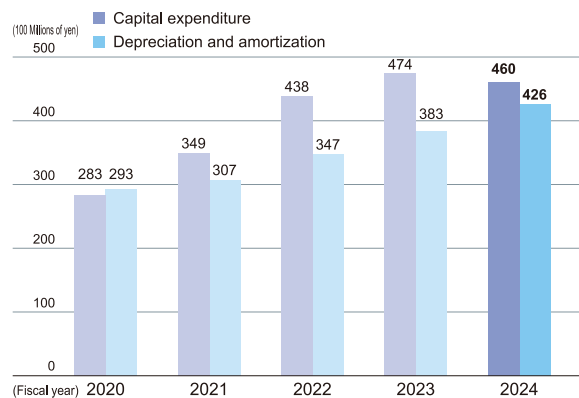
Despite an increase in SG&A expenses, profit increased due to the effects of price adjustments in the P&S Business as well as positive foreign exchange effects.

Profit for the Period Attributable to Owners of the Parent Company



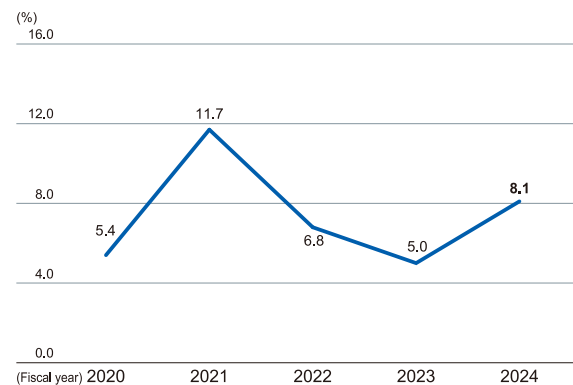
Profit increased due, among other factors, to the absence of the impairment loss on a part of goodwill in the Domino Business that was recorded in the previous fiscal year.

Capital Expenditure / Depreciation and Amortization



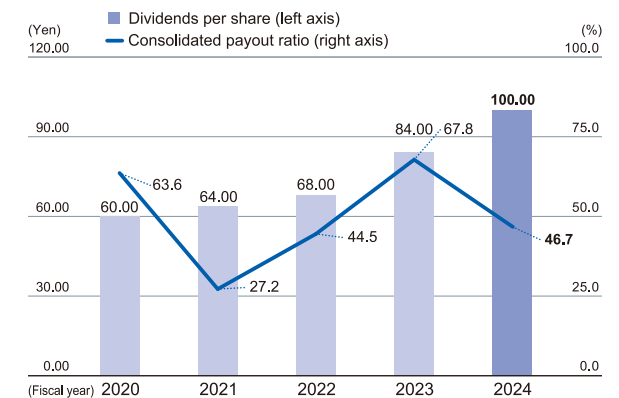
We steadily made capital investments aimed at growth, focusing on manufacturing facilities and equipment.

ROE



ROE improved due, among other factors, to the absence of the impairment loss on a part of goodwill in the Domino Business that was recorded in the previous fiscal year.

Dividends per Share / Consolidated Payout Ratio

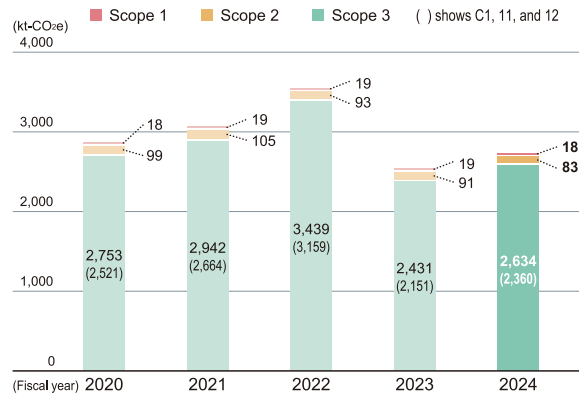


Under our policy of stable and continuous shareholder returns, we increased the annual dividend per share by 16 yen year on year to 100 yen.



Financial Section

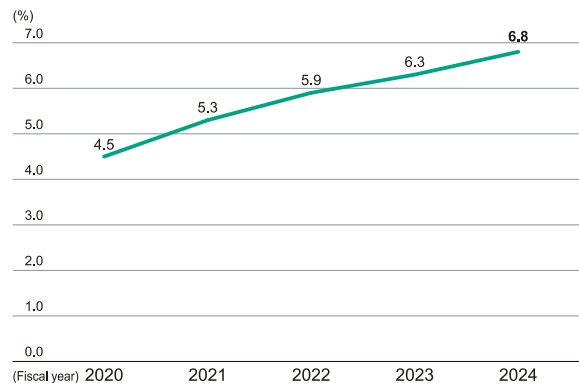
Non-financial Indicators

CO₂ Emissions (Scopes 1, 2, and 3)

The FY2030 medium-term target (before revision in March 2025) for CO₂ emissions is 70,000t-CO₂e, a 65% reduction from FY2015 for Scopes 1 and 2, and 2,096,000t-CO₂e, a 30% reduction for Scope 3 (C 1, 11, 12).

Percentage of Females in Senior Management*

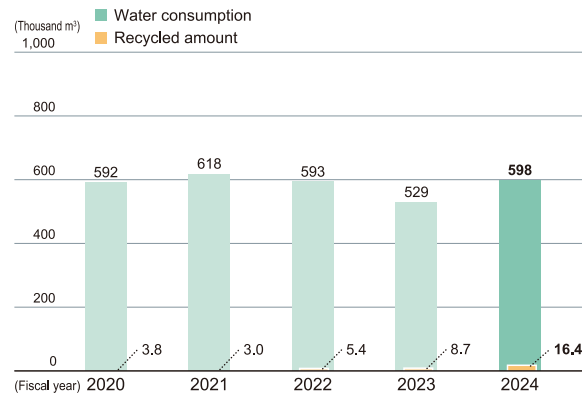
(Brother Industries, Ltd.) (Data effective as of March 31 of each year)



The number of female employees is approximately 20% of the total. The number of female managers has steadily increased as a result of setting a target number of female managers and implementing various measures to encourage career development.

* Includes temporary employees and incoming seconded employees
Does not include Directors, Corporate Auditors, and Executive Officers

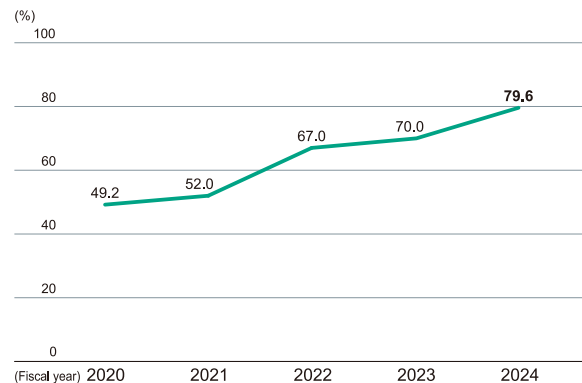
Water Consumption / Amount of Recycling



In FY2024, the amount of water intake in the Brother Group's main business sites was 598,134m³, of which 16,354m³ was recycled.

Percentage of Male Employees Taking Childcare Leave*

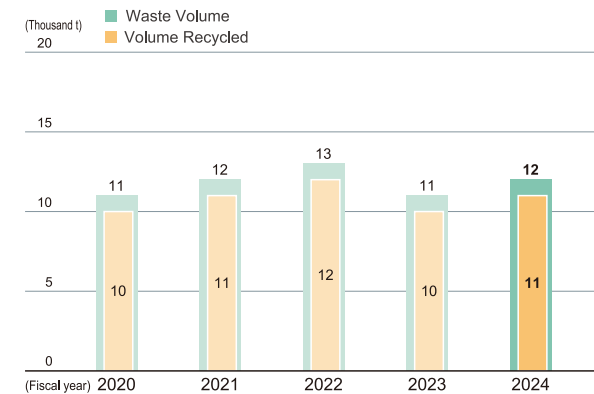
(Brother Industries, Ltd.) (Percentage of those who started their leave in each fiscal year.)



As a result of implementing various measures to achieve a set target for the percentage of male employees taking childcare leave, the percentage has increased year by year.

* Does not include incoming seconded employees

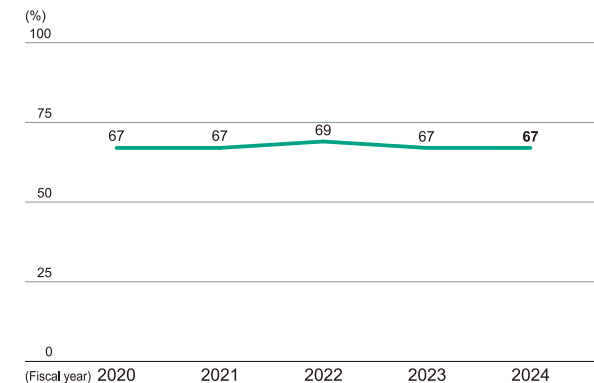
Waste Volume / Volume Recycled



In FY2024, the waste volume at the Brother Group's main business sites was 12,339t, of which 11,122t was recycled.

Ratio of Local Employees in Top Management Positions at the Facilities Outside Japan*

(Data effective as of June 1 of each year)



The ratio of local employees in top management positions at the facilities outside Japan has reached nearly 70% as we promote management that pursues both local and global strengths.

* Including Domino-related companies

Financial Section

11-Year Data

Annual Securities Report

(Millions of yen)

	JGAAP		IFRS Reference Values		IFRS							
	FY2014	FY2015	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating results												
Revenue / Net sales	707,237	745,888	682,119	641,185	712,997	683,972	637,259	631,812	710,938	815,269	822,930	876,558
Cost of sales	389,831	400,328	400,023	368,016	412,211	391,893	354,987	345,209	403,614	495,681	467,589	494,968
Gross profit	317,406	345,559	282,095	273,169	300,786	292,079	282,272	286,602	307,324	319,587	355,340	381,589
Selling, general, and administrative expenses	259,864	298,282	227,161	212,410	223,557	220,105	215,330	208,526	222,771	259,183	279,761	303,906
Business segment profit	—	—	54,934	60,759	77,229	71,973	66,942	78,076	84,552	60,404	75,579	77,683
Business segment profit ratio (%)	—	—	8.1	9.5	10.8	10.5	10.5	12.4	11.9	7.4	9.2	8.9
Operating profit	57,541	47,276	58,640	59,152	68,672	71,925	67,329	42,731	85,501	55,378	49,792	69,888
Operating profit ratio (%)	8.1	6.3	8.6	9.2	9.6	10.5	10.6	6.8	12.0	6.8	6.1	8.0
Ordinary profit	51,557	48,611	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	65,399	49,346	57,192	61,257	69,669	72,274	67,046	42,944	86,429	56,953	52,523	74,694
Profit for the year	53,769	31,445	41,610	47,440	50,472	54,177	49,699	24,659	61,515	39,086	31,662	54,792
Profit for the year attributable to owners of the parent company	53,969	31,017	41,238	47,242	50,020	53,902	49,566	24,520	61,030	39,082	31,645	54,778
Depreciation	28,205	34,341	34,934	33,811	34,141	33,674	31,270	29,279	30,714	34,655	38,311	42,613
Capital expenditures	34,064	39,976	41,469	28,644	33,993	27,030	26,141	28,266	34,901	43,839	47,438	45,989
Research and development expenses	42,523	46,017	44,639	42,547	45,649	43,259	42,811	43,080	43,818	45,385	47,941	49,464
Debt to equity ratio (Times)	0.04	0.49	0.48	0.40	0.29	0.23	0.25	0.12	0.07	0.06	0.00	0.00
Financial position												
Total assets	567,230	667,811	675,301	674,107	708,278	708,604	731,472	743,896	811,149	850,486	896,109	932,650
Equity attributable to owners of the parent company / Net assets	367,284	339,722	333,440	345,061	395,514	424,759	428,520	483,050	561,146	596,619	668,047	691,390
Ratio of owners' equity to gross assets / Equity ratio (%)	61.7	48.2	49.4	51.2	55.8	59.9	58.6	64.9	69.2	70.2	74.5	74.1
Interest-bearing debt	15,481	158,440	158,487	137,592	116,446	96,792	107,012	57,458	40,827	37,423	600	600
Cash flows												
Net cash provided by operating activities	58,021	49,241	51,304	99,155	81,817	73,280	87,748	109,265	72,254	14,432	141,028	90,023
Net cash used in investing activities	(15,326)	(215,091)	(216,997)	(23,271)	(37,090)	(22,624)	(27,955)	(25,080)	(40,781)	(32,198)	(42,068)	(48,152)
Net cash used in financing activities	(18,451)	134,317	134,317	(30,389)	(34,551)	(39,040)	(14,916)	(74,038)	(65,191)	(36,638)	(61,584)	(34,609)
Cash and cash equivalents at the end of the year	104,732	66,690	67,387	112,032	121,384	131,152	168,422	191,002	167,915	119,042	166,146	172,776
Information per share												
Owners' equity per share (Yen)	1,348.69	1,240.77	1,284.27	1,328.97	1,523.09	1,635.22	1,649.22	1,858.28	2,170.46	2,334.34	2,613.43	2,704.21
Basic earnings per share for the year (Yen)	206.68	119.47	158.83	181.96	192.63	207.54	190.80	94.36	234.89	152.67	123.81	214.27
Diluted earnings per share for the year (Yen)	206.24	119.19	158.47	181.46	192.08	206.90	190.21	94.07	234.18	152.22	123.48	213.74
Price-earnings ratio (Times)	9.3	10.8	8.1	12.8	12.8	9.9	8.7	26.0	9.5	13.0	22.8	12.6
Dividend per share (Yen)	30	36	36	42	54	60	60	60	64	68	84	100
Consolidated payout ratio (%)	14.5	30.1	22.7	23.1	28.0	28.9	31.4	63.6	27.2	44.5	67.8	46.7
Profitability												
Return on equity (ROE) (%)	16.8	9.2	12.1	13.9	13.5	13.1	11.6	5.4	11.7	6.8	5.0	8.1
Return on assets (ROA) (%)	10.4	5.0	6.7	7.0	7.2	7.6	6.9	3.3	7.8	4.7	3.6	6.0
Major Non-Financial Indicators												
Number of Group employees	34,988	36,307	36,379	36,929	38,628	37,769	37,697	38,741	41,215	41,653	40,538	42,801

Notes Consolidated financial statements are prepared in accordance with the Japanese Generally Accepted Accounting Principles (JGAAP) for the fiscal years ended March 2016 and earlier and with the International Financial Reporting Standards (IFRS) for the fiscal years ended March 2017 and thereafter. Values based on IFRS are additionally stated as references for the year ended March 2016.



Corporate Information / Stock Information (As of March 31, 2025)

Corporate Profile

■ Company Name
BROTHER INDUSTRIES, LTD.

■ Date of Incorporation
January 15, 1934

■ Paid-in Capital
19,209 million yen

■ Head Office
15-1 Naeshiro-cho, Mizuho-ku, Nagoya, Aichi
467-8561, Japan

■ Number of Employees
Consolidated 42,801 / Non-consolidated 3,903

■ Number of Consolidated Subsidiaries
103 companies

■ Entities Accounted for Using the Equity Method
6 companies

■ Fiscal Year
From April 1 to March 31 of the following year

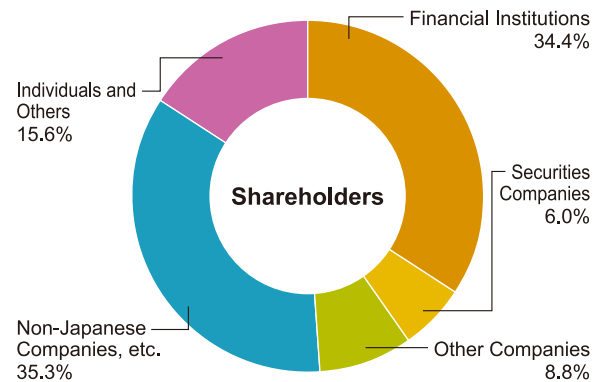
■ Month of the Ordinary General Meeting of Shareholders
June

■ Total Number of Shares Issued
257,755,930 shares

■ Number of Shareholders
15,920

■ Listed Stock Exchanges
Tokyo / Nagoya

Stock Distribution



* The percentage of shares held is calculated after deducting the number of shares of treasury stock (1,482 thousand shares) from the total number of shares issued. Furthermore, treasury stock (1,482 thousand shares) does not include the number of shares of the Company held by the officer compensation BIP trust (250 thousand shares).

Major Shareholders (Top 10)

Name of Shareholder	Number of shares held (1,000 shares)	Percentage of shares held (%) *
The Master Trust Bank of Japan, Ltd. (Trust account)	40,138	15.66
Custody Bank of Japan, Ltd. (Trust account)	15,048	5.87
State Street Bank and Trust Company 505001	12,060	4.71
Nippon Life Insurance Company	8,848	3.45
Sumitomo Mitsui Banking Corporation	5,398	2.11
JPMorgan Securities Japan Co., Ltd.	5,063	1.98
Brother Employees Shareholding Plan	4,695	1.83
Sumitomo Life Insurance Company	4,499	1.76
State Street Bank and Trust Company 505103	4,111	1.60
JP Morgan Chase Bank 385781	3,306	1.29

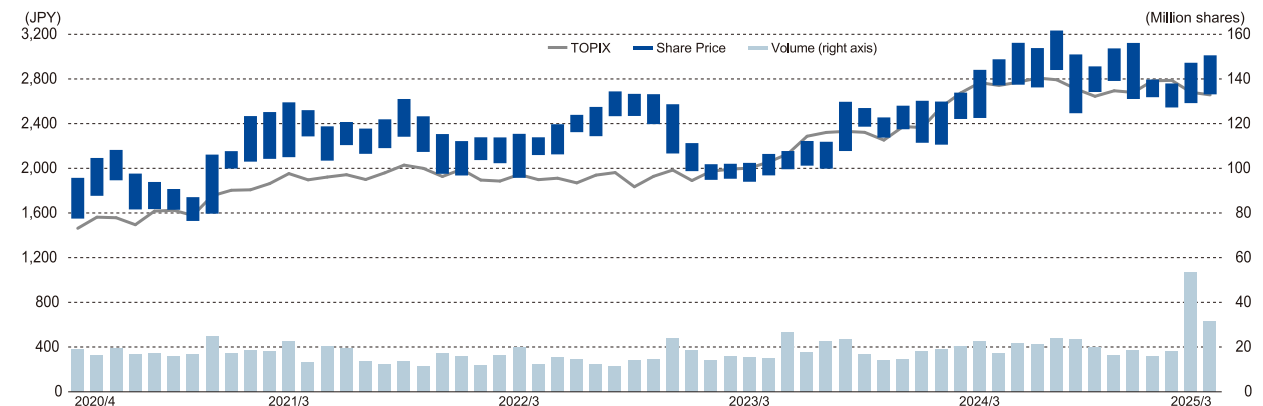
Credit Ratings

Rating and Investment Information, Inc.: A+ (As of October 15, 2025)

[Evaluation by External Entities](#)

Stock Overview

Share Price and Volume Transition



Corporate Information

<https://global.brother/en/corporate>

Investor Relations

<https://global.brother/en/investor>

Sustainability

<https://global.brother/en/sustainability>

Brother Group SDGs Special Site: Brother SDGs Story

<https://sdgsstory.global.brother/e>



Working with you for a sustainable future.



BROTHER INDUSTRIES, LTD.

15-1 Naeshiro-cho, Mizuho-ku, Nagoya 467-8561, Japan

URL: <https://global.brother/en>

Published in November 2025

© 2025 BROTHER INDUSTRIES, LTD. All Rights Reserved.