brother
at your side

Integrated Report 2026



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Major feedback from investors and sections on Integrated Report 2025 reflected in this year's report.

Major feedback	Details of improvement
Please explain the progress of "CS B2027" along with any challenges and countermeasures.	The progress, challenges, and countermeasures for "CS B2027," including M&A and stock transfers, are provided in the Message from the President and medium-term business strategy. See pages 15-30.
I want to hear candid feedback from Outside Directors regarding your business portfolio transformation and the effectiveness of M&A.	A round table was held with seven Outside Directors, including the Audit and Supervisory Board members, focusing on topics such as the effectiveness of governance supporting value creation. See pages 37-40.

Editorial Policy

The "Integrated Report 2026" 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 on the Brother website.

Brother Corporate Information

Period Covered by the Report

Period Covered by the Report The report mainly covers FY2025 (from April 1, 2025 to March 31, 2026). It also includes some information for the period beginning April 2026.

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

In the 118 years since its foundation in 1908 as a sewing machine repair business, the Brother Group has pursued the diversification and globalization of its business. 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 for 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"

Brother's Group Vision "At your side 2030" 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 is implementing 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 our 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.

See pages 15-36.

Materiality

We have identified materiality issues as key social challenges to be addressed in order to achieve "At your side 2030" and contribute to societal development and the future of our planet. Addressing these materiality issues is also recognized as a key management priority in CS B 2027.

See page 16.

Global Operations Network

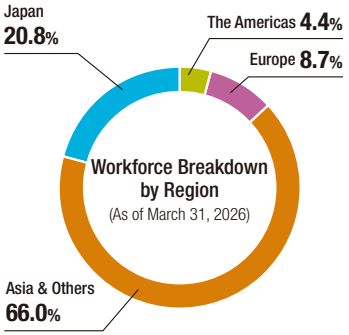
Offering Products and Services that Meet the Diverse Needs of the World

Since beginning the export of home sewing machines in 1947, the Brother Group has been carrying out business globally for more than 70 years, including the establishment of our first overseas sales subsidiary in the United States in 1954. Today, we have manufacturing, development, and sales facilities in more than 40 countries and regions, each undertaking business activities rooted in their region.
At the same time, we are promoting globalization of our management framework—including our human resources—which supports our business growth.

(As of March 31, 2026)

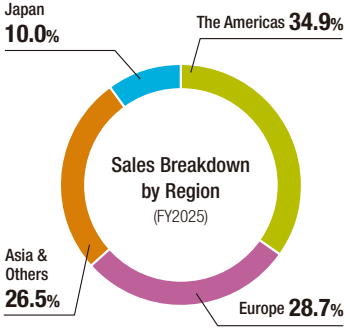


About 80% of Our Employees Work outside Japan



Number of Group Employees
(Number of permanent employees in the Brother Group)
39,495

Balanced Proportion of Sales Revenue by Region



Consolidated Sales Revenue (FY2025)
893.5 billion yen
(As the Network & Contents Business is a discontinued operation, it is excluded from the figure.)

Message from the President

Driving Transformation to Further Enhance Corporate Value



Kazufumi Ikeda
Representative Director & President

Responding to change and advancing our business portfolio transformation: A review of the first year of the medium-term business strategy "CS B2027"

In FY2025, amid a rapidly changing business environment, we focused on implementing the first-year plan of our medium-term business strategy "CS B2027." Right at the start of the first year, we were forced to respond to additional U.S. tariffs, but we worked closely with the relevant departments within the Group to respond swiftly and took flexible measures in line with changing circumstances. As a result, we were able to minimize the impact and steadily advance our business strategy in accordance with our medium-term business strategy.

While continuously working on our business portfolio transformation, in FY2025 we were able to make significant strides in this regard, including business transfers, stock transfers, and M&As.

In terms of business performance, the Printing & Solutions Business (P&S Business) and the machine tool business both performed well. Most notably, the machine tool business exceeded its sales revenue target of 60 billion yen set at the beginning of the fiscal year. With sales revenue and profit for the period attributable to owners of the parent company both reaching record highs, moreover, I feel we have made a strong start in the first year of CS B2027.

Message from the President

In FY2026, we continue to face highly uncertain conditions, such as the situation in the Middle East and soaring parts and materials prices. Our headquarters, business divisions, and global facilities are nevertheless working together swiftly as a unified team to respond appropriately to the situation. I am convinced that our experience responding to the COVID-19 pandemic, U.S. tariffs, geopolitical risks, and soaring parts and materials costs has steadily honed our organizational capabilities to react sensitively to risks and respond flexibly to unforeseen changes. I believe this ability to respond to change is one of the key management foundations that will support our future growth.

Business portfolio transformation has increased in acceleration toward the future

See page 19.

My sense is that our business portfolio transformation is still only about halfway there. However, we have never before undertaken so many transformation initiatives in a single year.

Of the businesses we have positioned as Growth Businesses, in the Industrial Printing Business (IP Business), we made MUTOH Holdings (now MUTOH Ltd., hereinafter "MUTOH") a consolidated subsidiary, and in New Business, we spun off the BuddyBoard-related business and transferred it to BuddyBoard Inc. (hereinafter "BuddyBoard"). Regarding businesses positioned as Profitability Transformation Businesses, we acquired the business of the automotive parts division of Konrad Busche GmbH & Co. KG (hereinafter "Konrad Busche"), a German company with strengths in solution proposals for industrial sewing machines. In our Network & Contents Business, in order to achieve further growth in the karaoke business, we transferred the business of operating karaoke clubs and other facilities to KOSHIDAKA HOLDINGS Co., Ltd. and transferred 70% of the shares in XING INC. (hereinafter "XING"), which is engaged in the sale of online karaoke systems and other businesses, to U-NEXT HOLDINGS Co., Ltd.

The reason we were able to accomplish this series of initiatives in such a short period of time is that we had long recognized the need for transformation, and the experience and insights we had accumulated over time had been consolidated into the organization's collective strength. In addition, **we shared a strong determination across the Group, under the theme "Creating our Future. Boldly.," to advance our transformation during the CS B2027 period, with a "just do it right now" mindset. This ignited action and served as a major driving force behind these initiatives.** Furthermore,



favorable business environments and the timing of individual projects allowed us to translate many of our initiatives into tangible results.

That said, CS B2027 is still at only the halfway point. We will continue to steadily execute growth investments and advance initiatives aimed at achieving the key performance indicators set for each business, thereby further accelerating our business portfolio transformation.

Aiming for a virtuous cycle of sustainable growth and market valuation

Over the past year, the Company's stock price has remained strong, reaching a new all-time high since our initial listing. Our market capitalization has also surpassed the trillion-yen mark. While our performance relative to the TOPIX may appear somewhat lackluster when compared to AI and semiconductor-related stocks, I believe we have received a certain level of recognition from the market. This is owing not only to expectations for the direction and growth strategy of CS B2027 but also to our solid performance in FY2025, as well as to our steady implementation of the policies set forth in CS B2027, including business restructuring, M&A, and shareholder return measures such as share buybacks.

But, I am not satisfied with the current stock price level. I believe that our corporate value has not

Message from the President

yet been fully reflected in the market valuation. With the consumer printing business (P&S Business) currently accounting for a large proportion of our sales revenue and profits, we are viewed by the market as a stock in the office equipment sector. However, our goal is to establish a pillar of growth in the industrial area while maintaining the P&S Business as a stable revenue base.

The technologies, customer base, and global business capabilities we have cultivated over many years can be leveraged in the industrial area as well, which is expected to lead to business scale expansion and improved profitability. **I believe that if the stock market recognizes that "Brother has strengths in the industrial area as well," our corporate value will increase even further.** We aim to build a more profitable business portfolio by steadily promoting the growth and transformation of every business based on the roles and targets for each business outlined in CS B2027. As these results accumulate as a track record of sustained performance, understanding of our growth potential and competitive advantages can be expected to deepen further, leading to an improved market valuation.

Accelerating growth in industrial equipment (machine tools) in the Machinery Business

See pages 27-28.

Our machine tool lineup is centered on the "SPEEDIO" series of BT 30 compact machining centers (MCs). Compared to the BT 40 MC, the BT 30 MC allows for the installation of multiple units, even in limited spaces, and its key advantage is its ability to achieve high productivity and energy efficiency while keeping initial installation costs low. Although the business environment was at times affected by economic fluctuations, I believe that the continued investment necessary for our future growth, steady implementation of necessary measures, and ongoing efforts to communicate our value led to our strong financial performance in FY2025. To create as many opportunities as possible to hear directly from customers and frontline staff, I myself have been actively visiting showrooms and sales and service facilities in both Japan and other countries. Through these activities, I truly feel that our business is steadily moving onto a growth track.

On the product front, we have continued to expand the SPEEDIO series lineup while accurately identifying customer needs. In FY2025, we launched new models, including a model capable of mounting 100 tools and a horizontal 5-axis MC, to expand the areas of application of our products. The launch of new products has led to a virtuous cycle in which we receive new requests from customers and incorporate them into our next product development and solution proposals. By building a product lineup capable of meeting diverse customer needs, it is now possible to apply our tools to products that were previously machined using No. 40 machines, and the markets we can target are steadily expanding.

In addition to China, India, and Japan, we have designated Europe and Southeast Asia as priority regions where we are working to strengthen our sales and service systems and expand our human resources. In Europe, in the spring of 2026 we relocated and expanded the Brother Technology Center Frankfurt, which features a showroom, significantly strengthening our ability to provide solutions and support to our customers.

We believe that what our customers are seeking is not the machinery itself, but rather solutions to challenges and value creation on the production floor. By allowing customers to experience firsthand how our compact No. 30 machine delivers high machining performance, we can contribute to improving their productivity while minimizing the capital investment burden on them. We will continue working to further strengthen our sales capabilities and solution-provision capabilities in priority regions to accelerate the growth of business as a partner of choice for our customers, while also implementing new measures to develop industrial equipment into a key pillar supporting our sustainable growth.



Strengthening the foundation of the Industrial Printing (IP) Business

See pages 25-26.

The IP Business is one of the promising business areas where we foresee market size expansion and medium- to long-term growth. This new business was created in FY2025, when we integrated the Domino Business and the Industrial Printer Business into a single segment. We are working to further strengthen the foundation of the IP Business while efficiently leveraging the technologies, sales channels, and customer bases of the two businesses.

As for our progress in FY2025, in the Domino Business, we launched new products with lower prices than conventional products, such as a direct printing printer for corrugated cardboard and a digital

Message from the President

label printer, thereby adding opportunities to propose our products to new customers. Going forward, we will focus our efforts on regions and specific industrial sectors where high growth is expected while also working to expand our recurring business—including consumables and maintenance services—to further strengthen our sustainable revenue base.

In the Printing & Automation Business, we launched a direct-to-film (DTF) garment printer, for which demand is growing, primarily in developed markets. We will strive to further strengthen our product lineup, leading to the expansion of printer sales and the consumables business.

Furthermore, efforts to expand Brother's proprietary "MAXIDRIVE" inkjet printhead technology into the industrial products segment are making steady progress. MAXIDRIVE is a technology that combines high-output ink ejection performance with a long service life and high durability. While we had previously used this technology primarily in consumer inkjet printers for business use, in FY2025 we expanded it to industrial garment printers such as DTF printers and direct-to-garment (DTG) printers. We have now entered the stage of fully expanding the inkjet technology cultivated in the consumer market over many years into the industrial market. Moving forward, with inkjet technology at the core, we will work to strengthen our printhead, ink, and manufacturing technologies in an integrated manner while enhancing our competitiveness in the industrial area and accelerating the development of new applications.

Regarding the acquisition of MUTOH as a subsidiary, we explored this option not for the sake of the acquisition itself, but with an eye toward future business growth. We thoroughly discussed specific measures to establish an optimal management structure and create synergies—even before the acquisition—and put them into action. This approach represents a step forward based on our past M&A experience. Currently, the executive in charge of the Printing & Automation Business and department head-class personnel are stationed at MUTOH to ensure successful post-merger integration (PMI). While respecting MUTOH's corporate culture and strengths, we are striving to build mutual understanding and trust with the aim of creating synergies early on while enhancing the sense of unity within the Group. By maximizing the technologies, sales networks, and human resources of both companies, we will create new value and achieve further growth in the IP Business.

Advancing governance that strikes a balance between offense and defense

In June 2026, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. This change in institutional design is aimed at strengthening governance from both the "offensive" and "defensive" perspectives, and at building a management foundation that supports the sustainable enhancement of corporate value. See page 42.

With regard to offensive governance, we aim to establish a system that enables swift, highly transparent decision-making on important management issues, such as business portfolio transformation and M&A, to support sound risk-taking. Efforts are underway to create a mechanism that improves the quality of decision-making while enhancing management agility.

Regarding defensive governance, Directors who are Audit & Supervisory Committee members have been granted voting rights on the Board of Directors, and the supervisory functions of the Board of Directors have been strengthened. This has led to enhanced effectiveness of oversight over business execution and a more robust governance structure.

Furthermore, appropriate delegation of authority to the executive side enables even faster and more efficient decision-making. The executive team is responsible for identifying business opportunities and formulating and implementing strategies for growth. On the other hand, the Board of Directors plays the role of overseeing executive performance from an independent perspective and improving the quality of management through constructive discussions. I believe that the significance of this institutional design change will be seen in tense yet lively discussions and the proper functioning of checks and balances.

We will further evolve our offensive and defensive governance that supports value creation while pursuing both the effectiveness of supervisory functions and the agility of management, thereby aiming to achieve sustainable growth, enhance corporate value, and increase the trust of stakeholders.

Strengthening talent foundation and fostering an organizational culture that encourages challenges

The theme of CS B2027 is "Creating our Future. Boldly." It represents our strong determination to carry out transformation.

Message from the President

I want all our employees to continue taking on challenges with a sense of ownership without being satisfied with the status quo. I believe that this accumulation of challenges will serve as a driving force behind the Brother Group's sustainable growth and enhancement of its corporate value.

To continue being chosen by customers in the global market, it is essential that we respond to ever-changing customer needs and continually evolve the value we provide with the spirit of "At your side," which puts customers first in every situation. To that end, I continue to convey a message to our employees that they should take on challenges without fear of failure, and even if they do fail, they should learn from the experience and try again. In FY2025, I held 71 face-to-face talks with employees globally, and I heard an increasing number of positive comments, such as "I want to try something new" and "I want to make this initiative a reality." I truly feel that the momentum to embrace challenges with a positive attitude and take action is steadily growing.

These changes are also reflected in our business operations. In the P&S Business, cross-functional teams of development and manufacturing staff members have worked together on ambitious projects and produced remarkable achievements, such as the world's first production of ink cartridges through blow molding (Japenese Only) and the use of plastic as lens components in laser printers. In the IP Business, knowledge and resource sharing is progressing through collaboration among the Domino Business, Printing & Automation Business, and MUTOH. In the Industrial Equipment segment, expansion of the product lineup and sales and service facilities has been achieved in a short period of time. In this way, each business is undergoing transformation that goes beyond conventional frameworks.

In terms of talent utilization, our ongoing efforts to expand the areas where talent can play active roles within the Group have yielded results. More specifically, we have been strategically placing management-level talents, who have gained experience in our existing businesses, including the P&S Business, into positions in the industrial area where their strengths can be fully leveraged, and we have already seen positive effects of this strategy. At first glance, it may seem as if they are being assigned to different business areas, but our corporate culture that respects diversity provides a foundation for supporting the incorporation of insights and know-how cultivated in other businesses, leading to new ideas and faster development. I believe these represent the significant value brought about by talent utilization beyond business boundaries.

We are also actively promoting mid-career hires, centered in the industrial area. In particular, as a new initiative, we are actively recruiting executive-level talent to take on management roles, and some of these individuals are already serving as executive officers. I make a point of meeting with every person who joins the company as a mid-career hiree, and I tell them, "Because you have gained experience outside the company, I want you to actively point out the challenges and opportunities that only you can see."

The most important foundation supporting us in "Creating our Future. Boldly." is our people and corporate culture. To further refine these strengths, it is essential that the management team continue to demonstrate a willingness to take on challenges. That is precisely why I openly share my experiences and thoughts—including my failures—through our internal company blog and in dialogue sessions. I also place great importance on opportunities for the entire management team to come together and discuss "At your side." I believe that a bold challenge taken on by one person leads to the next and that our corporate culture is shaped by the accumulation of these challenges.

Of course, taking on challenges comes with responsibility for consequences, but management will shoulder that responsibility. I constantly tell our employees that I want them to continue to take on challenges in their own way, without fear of failure. **By taking the lead in driving transformation and continuing to take on new challenges myself, I will further foster a corporate culture that encourages employees to take on new challenges. I am convinced that this chain of challenges will lead to the realization of "At your side 2030" and the sustainable enhancement of our corporate value.**

Profile of the Leader

In his second year at the Company, Mr. Ikeda 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 took on a variety of roles, including directing fax machine sales in Asia and serving as Executive Vice President of a German sales company and as President of the regional headquarters in the Americas. Through these positions, he gained extensive experience in global sales, marketing, and business management. His daily morning routine begins with a run, followed by watering his garden and vegetable patch, practicing his golf swings and cleaning the bath after working up a sweat. He also served as a torchbearer for the Asian Games held in Aichi-Nagoya. Although he remarked that the torch was "heavier than I had imagined," his regular running routine and the cheers of spectators lining the route spurred him on, and at times he found himself running faster than expected. He successfully passed the flame on to the next torchbearer.



Mr. Ikeda running with the lit Asian Games torch

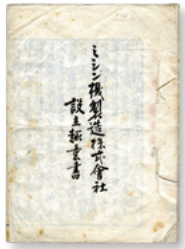
The Story of Brother's Value Creation

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 had 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."



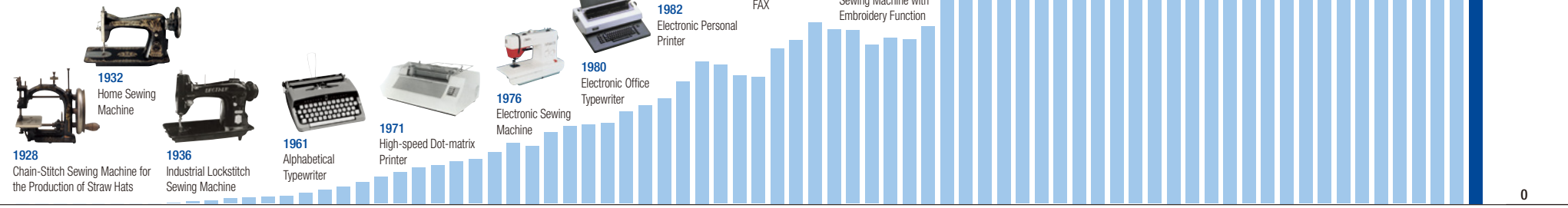


Prospectus of Establishment

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 steady job during the Great Depression 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 were imported at the time, 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 electronic 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 of printers available to 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 the 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 its 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 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 of leveraging core technologies
- Established "At your side." corporate culture

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, Nissei 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" See page 2. was launched. Aiming for expansion in the Industrial area, the Group expanded its Industrial Equipment lineup, strengthened its sales and service facilities, and commenced production in India in 2024. In addition, to transform the Printing area, the Group increased the number of subscribers to its "connected" business and provided easy-to-implement solutions for Commercial & Industrial Labeling. The Group also accelerated the transformation of its business portfolio through initiatives such as the full acquisition of MUTOH LTD See page 19.. Furthermore, the Group promoted 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

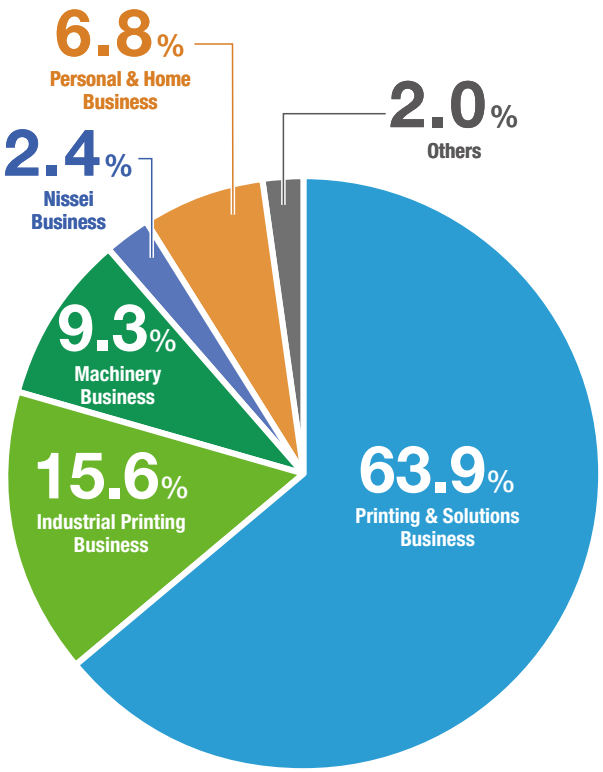
Brother's Business Structure

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

Sales Revenue (FY2025)

893.5 billion yen



Consumer area / Industrial area

Printing & Solutions Business

See pages 23-24.

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.


Laser All-in-One


Label Printer

Industrial area

Industrial Printing Business

See pages 25-26.

We contribute to improving customer productivity and realizing a sustainable society, through 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 large-format inkjet printers supporting diverse expressions in advertising and decoration.


Coding & Marking Equipment


Garment Printer

Industrial area

Machinery Business

See pages 27-28.

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.


Machine Tool


Industrial Sewing Machine

Industrial area

Nissei Business

See page 29.

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.


Gearmotor


High Stiffness Reducer

Consumer area

Personal & Home Business

See page 29.

Through 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, we inspire the joy of handicrafts and increase LTV* by encouraging continued customer engagement and expanding purchasing opportunities.

* LifeTime Value: Customer lifetime value, referring to the value delivered to customers and the revenue generated for the company over the entire period of product/service use



Sewing and Embroidery Machine


Home Cutting Machine

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."

External Environment / Social Issues

Materialities

- Governance that supports value creation
- Sustainable use of resources/materials
- Reducing CO_2 emissions
- Pursing a responsible value chain
- Active involvement of diverse people
- Supporting people's value creation

Inputs

- Financial Capital See pages 20-22.
- Intellectual Capital See page 33.
- Social and Relationship Capital See page 35.
- Manufactured Capital See page 34.
- Human Capital See pages 31-32.
- Natural Capital See page 36.

Strengths

Variety of Unique Technologies and Global Networks

1. Manufacturing technology for both consumer and industrial use cultivated through business diversification since the Group's founding
2. Global customers and business partners that we grow together with
3. A highly cost competitive and flexible global production system
4. A global team of autonomous employees and an open organizational culture

See page 14.

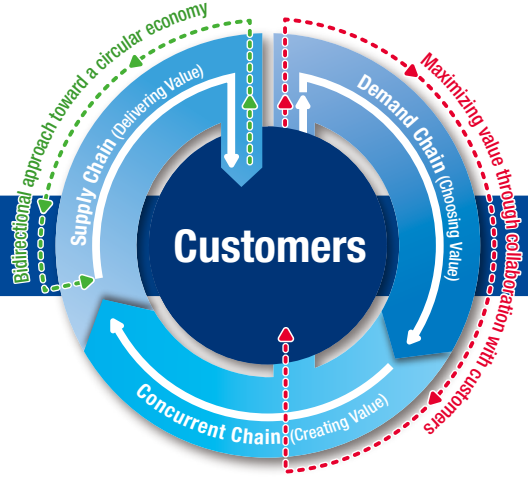
At your side.
The Brother Group Global Charter

Business Model

Brother Value Chain Management (BVCM)

Basic BVCM processes

With our 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.



The Evolution of BVCM See page 13.

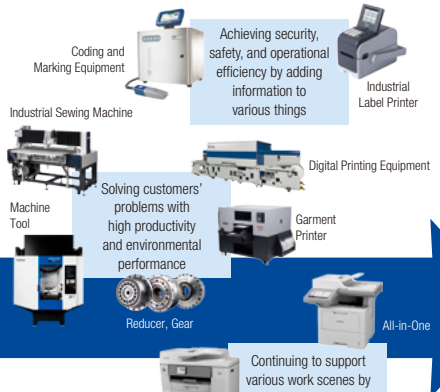
Medium-term business strategy to realize "At your side 2030"

- CS B2024 FY2022-FY2024
- CS B2027 FY2025-FY2027

Outputs (Products / Services) / Outcomes (Value Proposition)

To Society

A Diverse Range of Products, Services, and Solutions for Consumer and Industrial Use



Creating New Businesses

- Helping customer improve their productivity and unlock creativity
- Contributing to the future of the earth

To Brother

- Accumulation and evolution of a variety of unique technologies
- Strengthening of global networks
- Growth of autonomous employees

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

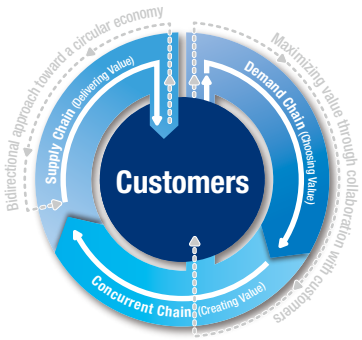
Brother's Value Creation Process

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

The Brother Group considers customer demands and expectations to be 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 the unique Brother Value Chain Management (BVCM) system we employ 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 value creation swift by 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 these customer-oriented value chains, we are able to quickly deliver superior products, services, and solutions promptly.



Customers

The opinions of "existing" customers who have already purchased Brother products and "potential" customers who may purchase Brother products in the future are the starting point for all our business activities.
Our call centers, which serve as important points of contact with customers, receive various inquiries and requests from them. We register this information in our database and share it globally across the entire Brother Group.

"Value" Chain Starting with Customers

Demand Chain (Choosing Value)

- Grasp the true needs of customers on a global basis and determine the unique value we can provide
- Planning and development departments work together to determine the best way to create and deliver value

Based on opinions received by call centers around the world and information acquired through sales and service activities and marketing surveys, our sales and development departments work together to analyze customer expectations and demands from various angles, such as "how product use environments will change," and "what improvements would satisfy more customers." Through these efforts, they formulate product concepts.

Product Planning, Research and Development

Concurrent Chain (Creating Value)

- Design departments (for machinery, electricity & electronics, software, chemicals, etc.), manufacturing departments, and suppliers work in close collaboration
- Utilize an optimal combination of internal and external technologies

Product concepts created in the demand chain are given concrete shape. Product simulations and focus group testing by intended users are run again and again before and after prototyping. Through this process, we develop and design our products speedily while ensuring high product quality. The production engineering department designs optimal production lines to deliver our products at the right time for our customers.

Development Design, Production Engineering

Supply Chain (Delivering Value)

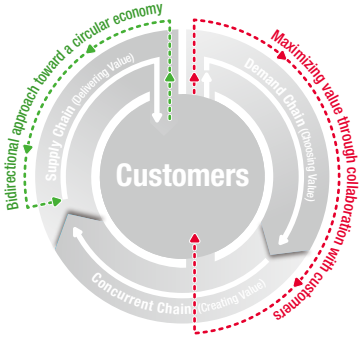
- Refine cost competitiveness and adaptability to changes, and manufacture the best products in the best regions
- Provide detailed sales and services based on a thorough understanding of the characteristics of customers in each country and region

At the Brother Group's manufacturing facilities, we are working closely with business partners, such as parts suppliers, and strengthening manufacturing processes and quality control systems, so as to produce high-quality products. Products are delivered to customers through our sales facilities in countries and regions all over the world. We are also providing customers with swift, cordial support via online support over the Internet and call centers in order to make every individual satisfied.

Manufacturing, Distribution, Sales and Service

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 a "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.



Bidirectional approach toward a circular economy (green dotted line)

The Brother Group is helping society achieve sustainable development by positively and continuously considering the environmental impact in all aspects of our business operations. Concern for the environment shall be the cornerstone of all operations. The green dotted line represents the realization of resource circulation based on consideration of safety and environmental impact throughout all stages of the product lifecycle, from product development and design to manufacturing, customer use, disposal, and reuse. With "the end of life" of products in mind, the Brother Group has been working to (i) increase the reusability and recyclability of products and consumables and (ii) build recycling systems.

Printing Business Develops its Ink Cartridge Remanufacturing Capabilities

Collection, Remanufacturing and Recycling Efforts in Various Countries

Maximizing value through collaboration with customers (red dotted line)

This represents the process of having customers try prototypes early in the development stage, obtaining feedback, and quickly improving the product, with the aim of realizing "expansion in the industrial area" and creation of new businesses. To contribute to even greater value creation at production sites, For example, the Brother Group responds promptly to customer demand, as demonstrated by the machine tool SPEEDIO Deburring Center DG-1.

Machine Tools to Improve Productivity and Reduce CO_2 Emissions

"Value" Chain Starting with Customers

Brother's Value Creation Process

Brother's Four Strengths and Their Applications

Brother contributes to improving productivity and unlocking creativity for customers by fully leveraging the unique technologies and global network it has cultivated throughout its history of business transformation. Here, we introduce the four strengths of Brother shown in the Value Creation Process See page 12., along with representative examples, through links to various Brother websites.

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



Brother's Brand Story

Unique Technologies: Examples include technologies that deliver the compact size and ease of use of Brother Printers, as well as the outstanding environmental performance of Brother Machine Tools.



"At your side." Stories

Transforming the World with Inkjet Technology: Brother's vision for new frontiers in Industrial Printing

* Japanese only

2 Global customers and business partners that we grow together with



"At your side." Stories

Making Life in Rural Africa More Convenient Through Printing Services: Brother and Dots for Creating a New Everyday Life in Africa

* Japanese only

3 A highly cost competitive and flexible global production system



Sustainability Website

QKY* and Cost Reduction Activities in Partnership with Suppliers

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

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



"At your side." Stories

Teamwork That Overcomes Challenges and a Culture That Supports Innovation: Achieving the World's First Blow-Molded Ink Cartridge

* Japanese only



Sustainability Website

The Passion of a Proactive Employee Who Created a Highly Cost-Effective Machine That Makes Deburring Setup Easy

Medium-term Business Strategy | Policy

Overall Management Strategies and Financial Targets

The Brother Group has formulated the Brother Group Vision "At your side 2030" based on an awareness of the predicted business environment in 2030. To achieve Our Purpose as articulated in this vision, we have formulated the medium-term business strategy "CS B2027" based on a backcasting approach from the 2030 vision, combined with the achievements and ongoing challenges from the previous medium-term business strategy "CS B2024." Simultaneously, the Group has established the targets for "CS B2027" by identifying six materialities as key social issues that must be solved in order for the Brother Group to contribute to society and help protect the earth.

Overall Management Strategies

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

See page 2.

Awareness of the Business Environment Toward 2030

Changes in Society

- Diversification of work styles and values
- Rapid advancement of AI and digital technologies
- Growing demand for sustainability and climate change action
- Demographic shifts and intensifying labor shortages
- Increasing importance of addressing geopolitical tensions and economic security

Business Environment Surrounding Brother

- Advancement of digitalization and AI use
- Diversification of customer needs and purchasing behavior
- Expanding demand for automation and labor-saving solutions
- Rising need for environmental sustainability in existing markets
- Growing importance of enhancing supply chain resilience and diversification
- Need to respond to geopolitical risks and tightening regulations in various countries

Risks

Decreases in printing demand driven by market shifts such as digitalization and paperless transitions, delays in adapting to AI and digital technologies, geopolitical risks, supply chain disruptions, and lagging responses to environmental and regulatory requirements may adversely affect our business operations and financial performance.

Opportunities

Sustainable growth opportunities are expected to be generated by expanding customer touchpoints and building ongoing relationships through digital technologies; strengthening the provision of products, services, and solutions that address demand for automation and labor savings in the industrial area; and expanding our lineup of environmentally friendly products and services.

Brother Group's Medium-term Business Strategy "CS B2027" See pages 17–18.

Materiality See page 16.

Achievements and Ongoing Challenges from the Previous Medium-Term Strategy "CS B2024"

- Expansion in the industrial area
- Transformation in the printing area
- Activities towards the business portfolio of the future
- Management foundation transformation for a sustainable future

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

	CS B2027 targets	FY2030 targets
Sales revenue	1 trillion yen	Over 1 trillion yen
Operating profit	100 billion yen	120 billion yen
ROE	10%	Over 10%
Sales ratio in the industrial area	40%	Over 50%
Exchange rate assumptions	1USD=145.00JPY 1EUR=155.00JPY	1USD=145.00JPY 1EUR=155.00JPY

Our top-priority financial target for "CS B2027" is to achieve an operating profit of 100 billion yen, the same as our 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 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 our business portfolio transformation to raise it to 40% by FY2027 and over 50% by FY2030.

Medium-term Business Strategy | Policy

New Materiality / Identification Process

Materiality (Priority Social Issues)

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

- Supporting people's value creation
- Empowering diverse people
- Pursuing a responsible value chain
- Reducing CO_2 emissions
- Promoting sustainable use of resources
- Supporting value creation through governance

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).

<Materiality Reidentification Process>

STEP 1 Organize value chains and stakeholders
- Organize an overview of the upstream and downstream value chains focusing on our own business.
- Identify important stakeholders who will be influential from short, medium, and long-term perspectives.

STEP 2 Identify IROs*1
- Create a list of challenges based on, for example, global guidelines for sustainability disclosure and SDGs.
- Identify IROs of challenges related to our business, including the organized value chains.

STEP 3 Assess IROs
- Assess impact materialities and financial materialities from the perspective of double materialities*2.



STEP 4 Identify materialities
- Identify materialities based on the results of the IRO assessment in Step 3.

STEP 5 Engage with stakeholders
- Verify the appropriateness of the identified materialities through interviews with institutional investors who have a medium- to long-term perspective, as well as with external organizations.

STEP 6 Finalize materialities
- Finalize the materialities by reflecting the results of the stakeholder engagement in Step 5.
- Set medium- to long-term Brother Group targets (sustainability targets and future-financial targets) for each identified materiality.
- Discussed and approved by the Sustainability Committee chaired by the Representative Director & President (Progress will be reported to the Sustainability Committee as appropriate for each of the above processes).

*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)

Materialities and Sustainability Targets • FY2025 Results

Materiality		CS B2027 policies and sustainability targets	FY2025 Results
Supporting people's value creation	Support value creation by our customers and contribute to enriched and comfortable lifestyles of people around the world through the provision of Brother products and services.	Maximize the value provided to customers based on the social raison d'être of each business and its position within the business portfolio. 1. Machinery Business: Expand customer adoption of the SPEEDIO machining center series. 2. Industrial Printing Business: Expand businesses for providing lifecycle value. 3. Printing & Solutions Business: Expand businesses with continuous ties to customers to enhance customer LTV*3.	1. Strengthened sales bases and staffing in key global regions while introducing new products in the SPEEDIO series to address the diversifying needs of customers and eliminate barriers. See pages 27–28: Business Strategy 2. Enhanced the product lineup, strengthened the services and solutions business, and conducted a tender offer for the shares of MUTOH HOLDINGS CO., LTD. (currently MUTOH LTD.) with a view to expanding business in the industrial area. See pages 25–26: Business Strategy 3. Launched BtoC connected services in Europe and the U.S., strengthened one-to-one marketing based on product usage conditions, and steadily expanded the number of contracted units in BtoB services. See pages 23–24: Business Strategy
Empowering diverse people	Create an environment where diverse employees can thrive within the Brother Group and leverage diverse perspectives, knowledge, and values, regardless of attributes, to foster innovation and make organizational decisions.	• 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.	• Continued the Group-wide employee engagement survey; self-initiated measures are underway at each site. • Continued promotion of the development of female managerial candidates and executive personnel at major overseas bases, as well as the expansion of opportunities for people with disabilities. • Increased the number of mid-career recruits and managerial hires. See pages 31–32: Human Capital
Pursuing a responsible value chain	Respect the human rights of all individuals involved in Brother's business value chain and ensure the safety and security of workers.	• Enhance the effectiveness of human rights risk assessments across the entire value chain. • Continuously obtain RBA*4 certification at key factories.	• Reinforced the risk analysis process in human rights due diligence based on advice from a third-party organization, improved survey methods, and conducted due diligence at 227 companies. • Renewed RBA certification at three Group manufacturing facilities. • Continued measures for ensuring responsible mineral procurement. See page 35: Social and Relationship Capital
Reducing CO_2 emissions	Aim to achieve carbon neutrality in business activities and minimize CO_2 emissions across the entire value chain, contributing to the formation of a decarbonized society.	• [Scopes 1 and 2]*5 Reduce CO_2 emissions by 56% compared to the FY2015 level. • [Scope 3]*5 Reduce CO_2 emissions per unit of sales*6 by 25.2% compared to the FY2022 level.	• [Scopes 1 and 2] Implemented energy-saving and renewable energy measures, such as increasing electricity use efficiency and introducing solar power generation as planned. • [Scope 3] C1, C11, and C12*7 Implemented various measures to make products smaller and lighter, reduce power consumption, and sell high value-added products as planned. See page 36: Natural Capital
Promoting sustainable use of resources	Maximize resource circulation, promote the sustainable use of resources, and minimize the environmental impact of waste.	• Reduce resource intensity*8 by 16.9% compared to the FY2022 level.	• Implemented measures to make products smaller and lighter, increase the use of recycled materials, and expand the use of cushioning materials made from recyclable and recycled materials as planned. See page 36: Natural Capital
Supporting value creation through governance	Continuously review and implement governance practices that secure management transparency and fairness while encouraging appropriate risk-taking for transformation to ensure the Brother Group's sustainable growth and value creation.	• Reform governance to support business portfolio transformation.	• Subject to approval at the 134th Ordinary General Meeting of Shareholders to be held on June 24, 2026, the Company plans to transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. See pages 42–44: Governance

*3 Abbreviation for Lifetime Value (LTV)
Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services
*4 Responsible Business Alliance (RBA)
*5 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)
*6 CO_2 emissions per unit of sales revenue
*7 The reduction targets cover CO_2 emissions associated with purchased products and services, the use of sold products, and the disposal of sold products
*8 Virgin material usage per unit of sales revenue

Medium-term Business Strategy | Policy

"CS B2027" Outline and Roles of the 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 Financial information	• Clarify the role of each business and set key indicators. See page 17. • Focus investments on growth businesses. See pages 23–28. • Secure management resources to continue the transformation of the printing business. See page 23.
Solid execution of growth investments	• Execute growth investments of approx. 200 billion yen. See page 20. • In particular, actively promote M&As and alliances, strengthening the foundation and organizational capabilities needed to achieve growth in the industrial area. See page 19.
Enhancement of the management foundation See pages 31–36.	• 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 See pages 20–22.	• 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 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 27–28. Industrial Printing Business See pages 25–26. New Businesses See page 30.	Achieve discontinuous sales revenue growth through growth investments to establish future business pillars.
Core business	Printing & Solutions Business: Communications and Printing Equipment / Home & Office Labeling See pages 23–24. Printing & Solutions Business: Commercial & Industrial Labeling See pages 23–24.	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 29. Nissei Business See page 29.	Contribute to overall Company profit while maintaining a balance between sales revenue and operating profit.
Profitability transformation business	Machinery Business : Industrial Sewing Machines See page 27. Network & Contents Business (Discontinued Operations)	Transform the revenue structure to ensure a steady profit contribution.

* 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.
* As of the third quarter of FY2025, the Network & Contents Business has been classified as a discontinued operation.

Cash Allocation and Strategic Investment (M&A) Policy

Cash allocation

See pages 20-22.

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)

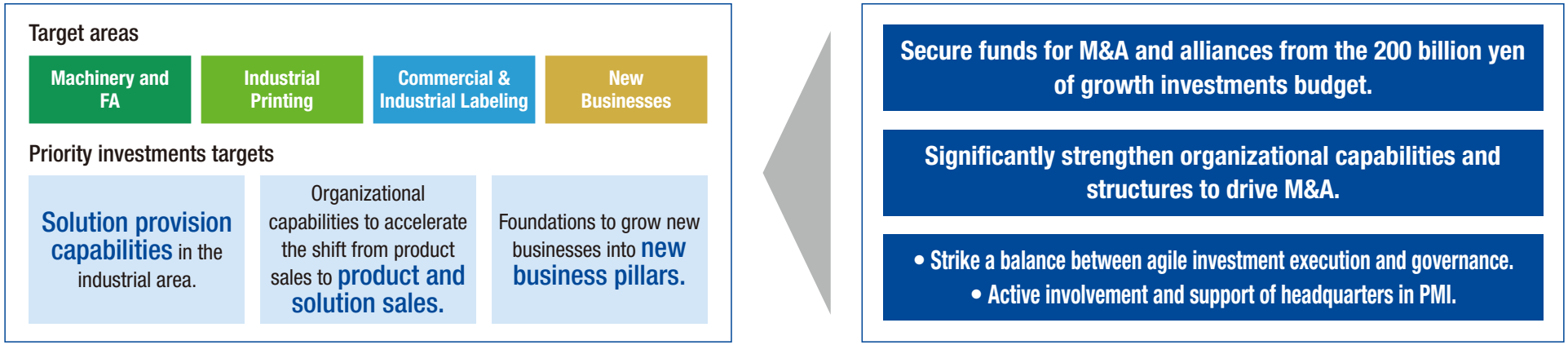


*Actual operating CF = Operating CF -lease obligation payments

Strategic investments (M&A) policy

See page 19.

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



Medium-term Business Strategy | Policy

Progress of the Business Portfolio Transformation

In line with the strategic policy set out in CS B2027, we accelerated our business portfolio transformation through M&A in the Growth Business, particularly in the industrial area, and the restructuring of existing businesses. Going forward, we will continue to explore strategic investment opportunities and actively pursue growth investments.

Five M&A and business restructuring initiatives

In FY2025, in line with our strategic policy, we carried out two M&A transactions and three business restructuring initiatives.

Of the five initiatives, two involved businesses classified under the Growth Business category. In the Industrial Printing Business, we launched a tender offer for the shares of MUTOH HOLDINGS CO., LTD. (now MUTOH LTD.; hereinafter "MUTOH") and brought the company into the Brother Group as a consolidated subsidiary in March 2026 (see details at right). In the New Business area, we transferred the business relating to "BuddyBoard," a work communication software service, to BuddyBoard Inc. (hereinafter "BuddyBoard") through a company split. Through collaboration with a fund, we will leverage expertise specific to SaaS businesses, knowledge of the construction industry, and talent with this expertise to accelerate business expansion.

Progress was also made in two businesses classified under the Profitability Transformation Business category. In the area of industrial sewing machines within the Machinery Business, we completed our acquisition of the automotive division of Konrad Busche GmbH & Co. KG (hereinafter "Konrad Busche") in January 2026. Headquartered in Germany, Konrad Busche has particular strengths in proposing industrial sewing machine solutions, especially in Europe. This will accelerate growth and improve profitability in the non-apparel segment, including automotive interior parts such as airbags. In the Network & Contents Business (hereinafter the "N&C Business"), to further grow our karaoke business, we transferred the business of STANDARD Corp. (hereinafter "STANDARD"), which operates karaoke clubs and other businesses, to KOSHIDAKA HOLDINGS Co., LTD. in November 2025. In April 2026, we completed the transfer of 70% of the shares in XING INC. (hereinafter "XING"), which is engaged in the sale of karaoke systems, to U-NEXT HOLDINGS Co., Ltd.

Stock acquisition	**Industrial Printing Business: Strengthening our position in industrial printing** ●Made MUTOH a consolidated subsidiary	
Business acquisition	**Industrial Sewing Machine Business: Strengthening our non-apparel business in industrial sewing machines** ●Acquired the automotive division of Konrad Busche, headquartered in Germany	
Business transfer/ partial share transfer	**N&C Business: Growing the online karaoke business** ●Transferred the business of STANDARD ●Transferred 70% of the shares in XING	
Company split	**New Business: Accelerating BuddyBoard's business expansion** ●Transferred the business to BuddyBoard through a company split	

Accelerating business portfolio transformation by creating synergies with MUTOH

MUTOH is a company with a rich lineup and brand power in Wide-format printers and inks, and a consistent business foundation from development, manufacturing, sales, and service. MUTOH's Wide-format printer business is positioned close to our Printing & Automation business, centered on the Brother garment printer, and has very high potential to expand the product lineup and strengthen the foundation for growth as soon as possible.

We have already begun working together across various functions, and we are accelerating our efforts to create synergies in multiple areas. These include enhancing product and service competitiveness through technical collaboration between the two companies; driving cross-selling by leveraging both companies' sales and service channels and customer bases; reducing manufacturing, procurement, and logistics costs; and strengthening organizational capabilities through talent exchange.

Expanding the business with complementary product lineups

Main Products of the Two Companies Background Color Brother products | Background Color MUTOH products (Wide Format Printer)



Expected synergy

- Strengthen competitiveness of products/ services through technical cooperation
- Reduce cost of manufacture, procurement, and logistics
- Utilize sales/ service channels, customer base
- Increase corporate value by utilizing human/financial resources

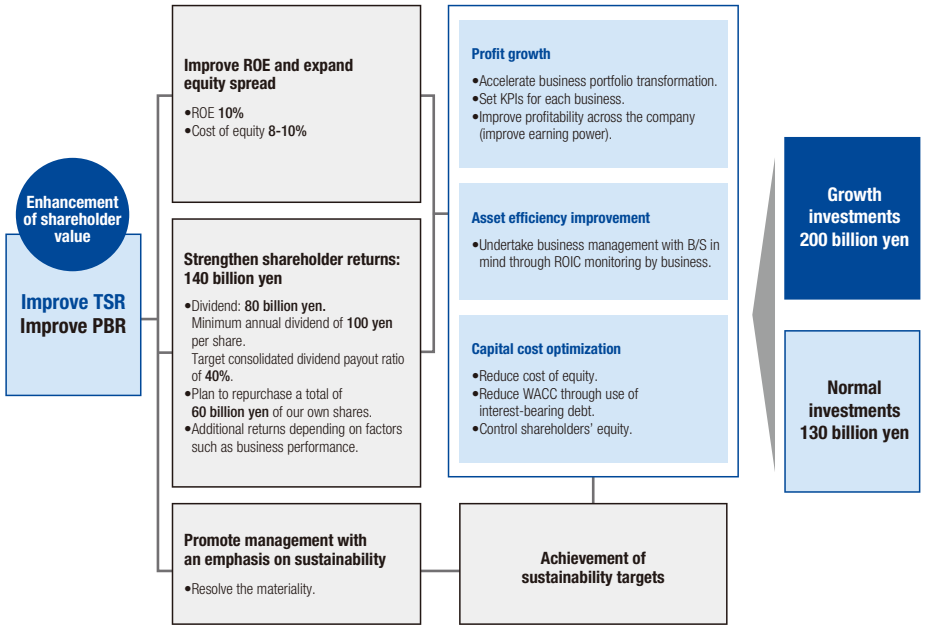
Financial Strategy

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

Toward Enhancement of Shareholder Value

The Brother Group promotes business management with an eye to the cost of capital and share prices, aiming to achieve long-term and continuous enhancement of shareholder value. In our medium-term business strategy "CS B2027," we have set the improvement of TSR and PBR as indicators for measuring shareholder value. We will achieve this by improving ROE and expanding our equity spread, strengthening shareholder returns, and promoting management with an emphasis on sustainability. In order to improve ROE, the top priority is to enhance our profit-generating capabilities through business growth. We will seek to achieve profit growth by accelerating the transformation of our business portfolio through proactive growth investments. 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 capital. Through these measures, we aim to increase ROE to 10% and expand our equity spread.

Overview of the shareholder value enhancement strategy

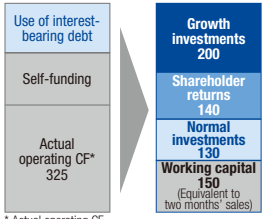


Cash Allocation

Under "CS B2027," we plan to execute growth investments of 200 billion yen over three years, in addition to ordinary investments of 130 billion yen, in order to accelerate the business portfolio transformation. Of these growth investments, 150 billion yen will be allocated to strategic investments in M&A and alliances, and 50 billion yen will be allocated to foundation investments that will support growth. We are also planning shareholder returns totaling 140 billion yen over three years (80 billion yen in dividends and 60 billion yen through repurchases of own shares).

As growth investments, we made strategic investments of 32.2 billion yen in FY2025, as well as foundation investments of 10.7 billion yen, including reinforcing our quality, production, and engineering functions and updating mission-critical systems.

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

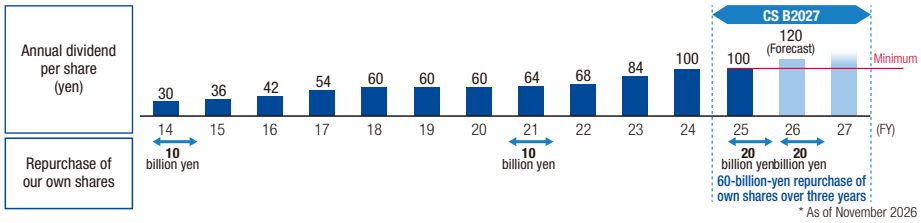


* Actual operating CF = Operating CF - lease obligation payments

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 our business performance and other factors.

In FY2025, we paid a dividend of 100 yen per share, the same amount as in the previous fiscal year. For FY2026, based on the above basic policy, we plan to increase the dividend level by raising both the interim and year-end dividends by 10 yen per share year on year, resulting in an annual dividend of 120 yen per share (an increase of 20 yen year on year). Furthermore, in order to improve shareholder returns and capital efficiency and implement a flexible capital policy, we repurchased approximately 20 billion yen of our own shares in FY2025. In FY2026, we are also proceeding with a repurchase of up to 20 billion yen.



* As of November 2026

Financial Strategy

Annual sales revenue and profit reached record highs in FY2025, the first year of our medium-term business strategy "CS B2027."

FY2025 Results

Sales revenue for FY2025, the first year of "CS B2027," reached a new record high of 893.5 billion yen. This was due to steady sales of hardware and consumables in the P&S Business, including the impact of price adjustments, robust sales of industrial equipment in the Machinery Business, and positive foreign exchange effects. Business segment profits increased to 83.6 billion yen. Despite increases in sales promotion and SG&A expenses, the increase in sales of industrial equipment in the Machinery Business and positive foreign exchange effects contributed to the growth. Operating profit, the top priority indicator in "CS B2027," was 77.9 billion yen. Despite recording foreign exchange losses and other expenses, operating profit increased due in part to the recognition of one-time gains, such as a gain from the transfer of STANDARD CORP.'s business, which operates karaoke clubs and other businesses. Profit for the period attributable to owners of the parent company was 67.6 billion yen, setting a new record high. This was due in part to tax effect adjustments for discontinued operations.

ROE was 9.3%, an improvement from 8.1% in the previous year, but we still view the generation of returns that consistently exceed the cost of capital as a key challenge. PBR was 0.94 as of the end of FY2025, and our TSR from the end of FY2024 remained steady at 110.3% (including dividends). Relative to the TOPIX, this was 81.9%, however, partly due to growth driven by semiconductor-related stocks. Although our share price has been rising since the beginning of FY2026, we will continue to work on improving our profit-generating capabilities. The industrial area's sales revenue ratio rose only slightly, to 32%. This was due to a sales increase in the P&S Business, although sales increased in the Machinery Business, and the N&C Business was classified under discontinued operations.

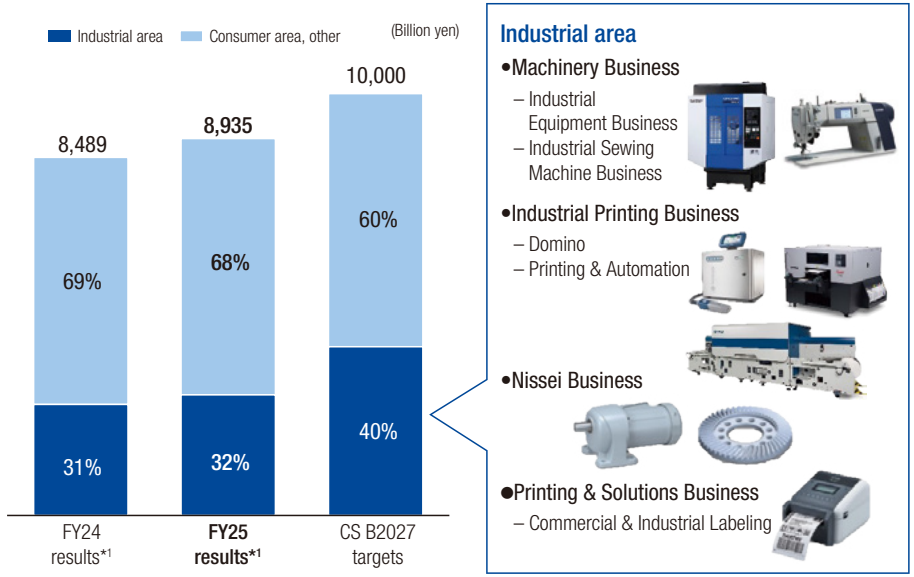
To achieve the goals of "CS B2027," we will continue to improve profitability and accelerate the business portfolio transformation.

CS B2027 financial targets and trends

	FY2024 Results*1	FY2025 results*1	CS B2027 Targets
Sales revenue	848.9 billion yen	**893.5 billion yen**	1 trillion yen
Top priority indicator Operating profit	**67.7** billion yen	**77.9** billion yen	**100.0** billion yen
ROE	8.1%	**9.3%**	10%
TSR compared to TOPIX (including dividends)	89.6% (FY2022-FY2024)	**81.9%** (FY2025)	At least 100%
Assumed exchange rate USD	152.48 yen	150.97 yen	145 yen
Assumed exchange rate EUR	163.62 yen	174.54 yen	155 yen

*1 As of the third quarter of 2025, the N&C (Network & Contents) business has been classified as a discontinued operation and has been excluded from the figures retroactively from the beginning of FY2025. Figures for FY2024 have been reclassified on the same basis.

Industrial area sales revenue ratio trends



Medium-term Business Strategy | Policy

Financial Strategy



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

We will accelerate the transformation of our business portfolio by consistently making growth investments.

Akira Nakashima
Executive Officer: Responsible for the Finance & Accounting Dept.

Please provide a summary of FY2025.

FY2025, the first year of our medium-term business strategy, "CS B2027," began with news about U.S. tariff policies. Amid uncertainties surrounding these policies, our president took the lead in addressing the situation, including assessing the potential impact on earnings and considering countermeasures. I spent most of April dealing with this issue myself. Ultimately, we managed to absorb all the impact by implementing Company-wide countermeasures, including price adjustments, cost control, and production/shipment adjustments.

In terms of business, 2025 was a year in which we reaffirmed the stable profit-generating capabilities of the P&S Business, which we position as a core business, while the growth story we have envisioned for the Machinery Business's industrial equipment division finally began to take shape. Although the P&S Business is a mature industry, there are markets with growth potential and room to improve our market position when viewed in terms of more specific segments, including inkjet printers, color laser printers, and commercial & industrial labeling. I recognize that our customers support our unique product strengths, which include our unwavering efforts to improve performance and reliability while pursuing cost-effectiveness, resulting in products that are "just right" for our customers. Regarding industrial equipment, the significant expansion of our product lineup and strengthening of our sales and service facility network, on which we have focused continuously since our previous medium-term business strategy, are now producing tangible results. We anticipate further growth, as we have also been able to capitalize on the market recovery and growing demand for the processing of semiconductor- and AI-related components. On the other hand, in the Industrial Printing Business, while Domino has achieved solid sales growth, we faced an issue involving sluggish revenue growth due to a requirement for continued upfront investment and changes in the competitive environment for industrial printers. Together with MUTOH, which has recently joined the Group, we will work to strengthen our business foundation.

Although we face various risks in FY2026, including those arising from the situation in the Middle East, I personally feel that we have developed organizational resilience, or "fundamental strength" to respond to difficult situations, through our responses to challenges such as the COVID-19 pandemic and U.S. tariff policies. We will provide support from a financial perspective to help Brother become a company resilient in the face of crises by turning adversity into opportunity.

There was also progress in business portfolio transformation.

Regarding M&A, we welcomed MUTOH and Germany-based Konrad Busche's automobile parts division into our Group, as described on page 19. Both acquisitions align with our medium- to long-term direction and strategies. They were decided upon after a comprehensive examination of their impact on earnings and funds, cost of capital, internal rate of return (IRR), return on investment (ROI), and payback period for invested capital. To accelerate the pace of payback, it is necessary to generate synergies early. Thanks to close coordination within each function, I feel that PMI is progressing at a brisk pace.

At the same time, we reorganized operations within the N&C Business, which included partially transferring XING shares and transferring Standard's business. Brother has rarely ever divested a business in the past, but I believe we have demonstrated our strong commitment to increasing our corporate value through the transformation of our business portfolio.

Given the uncertain outlook, what is your approach to future investments and shareholder returns?

There are no changes to the policy of "CS B2027." The progress of M&A and other strategic investments is only halfway complete. We will continue exploring opportunities that will contribute to the realization of our strategies. Although we are facing challenges that are difficult to navigate, such as the situation in the Middle East and significant price increases for parts and materials, we will not reduce the scale of our growth investments.

As for shareholder returns, while we posted a record-high profit in FY2025, we maintained the dividend amount at the previous year's level in light of the uncertain outlook. This was a cautious decision based on our strong commitment to avoiding a future dividend reduction. In FY2026, in light of our strong first-half performance and the condition of our balance sheet, we plan to increase both the interim and year-end dividends, resulting in an annual dividend increase of 20 yen per share compared with the previous fiscal year. Regarding the repurchase of our own shares, we plan to continue repurchasing shares in FY2026, as we did in FY2025.

What is your approach to communication with shareholders and investors?

To improve corporate value, I believe that disclosing information and engaging in two-way dialogue are important. Regarding information disclosure, we strive to ensure that disclosure documents are easy to understand at first glance. The past year was marked by ongoing uncertainty about the future, such as U.S. tariff policies and the situation in the Middle East. We also implemented significant changes, including classifying the N&C Business as discontinued operations and carrying out multiple M&A transactions. For all of these events, we were careful to present their expected impact on earnings and our assumptions concerning forecasts, and to provide clear and thorough explanations. We have received a lot of positive feedback from investors regarding the clarity of our disclosures.

As for two-way dialogue, feedback regarding the necessity of growth investments and expectations of greater shareholder returns has been reflected in the formulation of "CS B2027." We hope to establish a virtuous cycle of corporate value enhancement by using the feedback from dialogue to inform our business management and communicating the results back to shareholders and investors through further dialogue.

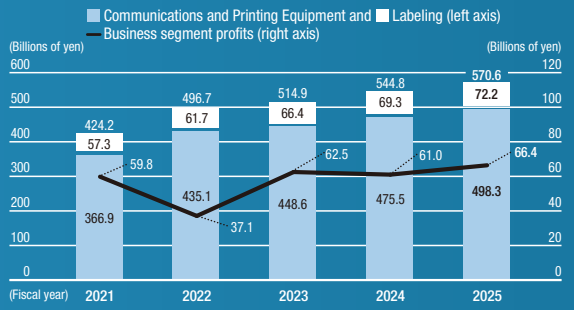
Medium-term Business Strategy | Business Strategies

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





As a core business, we will continue to support the overall profitability of the entire Company while also driving transformation through the expansion of the Commercial & Industrial Labeling Business, which is a growth business.

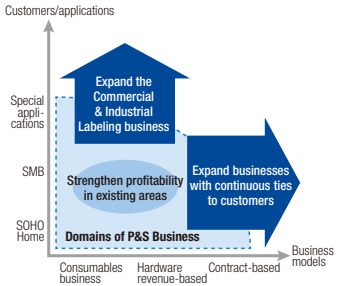
Satoru Kuwabara
Representative Director & Executive Vice President, Head of Printing & Solutions Business Division

In FY 2025, the Printing and Solutions (P&S) Business saw increased revenue compared to the previous year, which was affected by supply constraints caused by reduced production, due to increased sales of our main units as well as effective price adjustments. While segment profit increased due to factors such as price adjustments, operating profit decreased due to factors such as foreign exchange losses. The printer industry is facing a challenging business environment, including a shift towards paperless operations, but we are steadily promoting our initiatives as we enter the first year of "CS B2027."

In CS B2027, the P&S Business is expected to play two roles: as a core business and as a growth business. We position Communications and Printing Equipment and Home & Office Labeling as the core businesses supporting our revenue base, and we are "expanding business with continuous ties to customers" See page 24. and "strengthening profitability in existing areas." See page 24. In terms of "expanding business with continuous ties to customers," we have launched a service platform in Europe and the U.S. to maintain continuous ties to customers so that we can strengthen our customer relationships to maximize LTV (Lifetime Value).

In terms of "strengthening profitability in existing areas," we are launching new products for the inkjet and color laser markets, where the Company still has room for growth, with the aim of increasing sales and expanding our market share.

We position Commercial & Industrial Labeling as a growth business, and in order to "expand the Commercial & Industrial Labeling Business," See page 24. we are concentrating resources on key applications and working to establish a competitive advantage in this growth area. We are developing products, services, and solutions that accurately capture the needs of growth markets such as data centers.



Even in a challenging business environment, it is crucial to pursue new value from a customer perspective and strive to make it a reality.

With the firm belief that "the growth gained through challenges remains with people as a lasting asset," we will continue to challenge ourselves to create new value as a united organization and promote sustainable enhancement of corporate value.

Key indicators (Operating profit)
FY2025 result 58.1 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 the Company's position as a manufacturer of A4 printers, such as the decentralization of office functions due to the establishment of diverse work styles
- 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

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
  - ➡Global launch of new products
- Accelerating the shift to a business model with continuous ties to customers
  - ➡Further strengthening of the foundation and mechanisms to ensure continuous value delivery
- Increasing our presence in the market for products for 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 Strategies

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 our 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 bolster our cost competitiveness, which is one of our strengths. 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 markets of larger companies. We will continue to 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 strengthening 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 are strengthening our product lineup by introducing new products, 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 doing so, we aim to increase our market share and maximize the number of units in operation.

*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 increase in the number of units in operation and business with continuous ties to customers, we aim to create benefits for both customers and the Company 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 a superior customer experience and value. We are working to achieve a business transformation by shifting from a conventional business model of one-time sales to one with continuous ties to customers through MPS*3 in the B2B area and subscription services and membership benefit programs in the B2C area.

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

The benefits brought by "being tied"

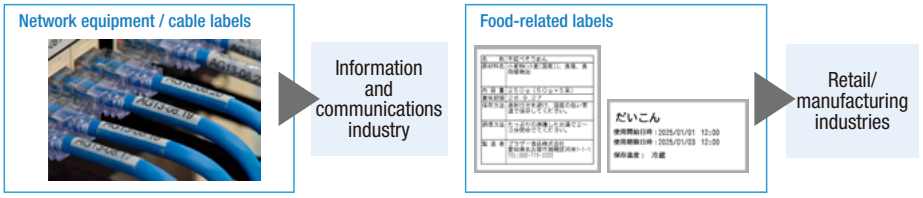


Expansion of the Commercial & Industrial Labeling Business

In the Commercial & Industrial Labeling market, which is expected to grow, we aim to continue our transformation into a sustainable business by providing solutions tailored to our customers' business operations and on-site needs.

In CS B2027, we have selected key areas of focus based on growth potential and market needs. Within these areas, we are offering our customers and channel partners easy-to-implement solutions that combine the most suitable labeling equipment, consumables, and services. Furthermore, we are strengthening our ability to offer integrated solutions encompassing equipment, consumables, and services, not only through our own internal operations but also through collaboration with external partners.

Examples of focused applications



FY2025 Key Initiatives Progress

- **Expand businesses with continuous ties to customers:** Launched a service platform to maintain continuous ties to customers in Europe and the U.S. and strengthened customer touchpoints to increase LTV
- **Expand the Commercial & Industrial Labeling business:** Promoted solution proposals tailored to key applications and drove application development to expand future sales
- **Strengthen profitability in existing areas:** Introduced more competitive new products for the inkjet and color laser printer markets, where there is room for our growth

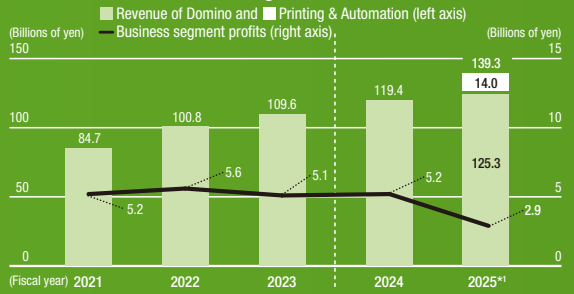
Medium-term Business Strategy | Business Strategies

Industrial Printing Business

Through 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 large-format inkjet printers supporting diverse expressions in advertising and decoration, we contribute to improving customer productivity and realizing a sustainable society.



Trend of Revenue & Business Segment Profits



*1 The Domino Business only until FY2024. In FY2025, listed as an IP Business, integrating the Domino Business and the Printing & Automation Business, which was included in the Industrial Sewing Machine Business of the Machinery Business Division



By strengthening our business foundation and growth investment, we aim to serve as an engine that drives business portfolio transformation so that accelerated growth and improved profitability can be achieved simultaneously.

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

In FY2025, the Industrial Printing (IP) Business saw increased revenue due to strong sales of consumables in the Domino Business. On the other hand, the Printing & Automation Business saw a significant decline in sales of main units and consumables due to a worsening competitive environment, resulting in an overall business performance that remained at the same level as in the previous year. Business segment profits decreased significantly due to factors such as lower revenue in the Printing & Automation Business and increased selling, general and administrative expenses in the Domino Business. Operating profit/loss registered in a loss, mainly due to impairment losses on some fixed assets in the Printing & Automation Business. Even in this challenging business environment, we promoted our key initiatives See page 26., such as expanding our Domino Business by introducing products to new markets and broadening our product lineup, and launching the Company's first DTF* printer, the "DTRX100," in our Printing & Automation Business. Furthermore, through a bold strategic investment in making MUTOH HOLDINGS CO., LTD. (currently MUTOH LTD.) a consolidated subsidiary, we took steps to fundamentally strengthen our business foundation, and in FY2025, we successfully addressed the necessary challenges as planned. We will continue to boldly pursue transformation and challenges to accelerate profitable growth.

I value the attitude of "setting high goals, learning from failures, and continuing to take on challenges." For the IP Business to grow, it is essential to deeply understand the market and customer needs, and to create new value without fear of change. We will expand our product lineup through collaboration with MUTOH and accelerate the creation of synergies by integrating our technology, sales, and service infrastructure, thereby achieving both enhanced competitiveness and improved profitability. Furthermore, we will efficiently utilize the resources and assets of both businesses across the entire IP Business, strengthen their organizational capabilities, develop their human resources, and work together to achieve our goals. With the motto "Creating our Future. Boldly," we will seize opportunities presented by changes in the business environment to achieve the sustainable growth of the Brother Group and contribute to a sustainable society.

* DTF (Direct to Film): A garment printer that prints onto film and then transfers the image to fabric.

Key indicators (Sales revenue)
FY2025 result 139.3 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

<Domino>
- A trusted brand built through 40+ years of steady growth in industrial printing area
- 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

<Printing & Automation>
- Ability to provide printing equipment and solutions utilizing a variety of unique technologies

Opportunities

<Common (excluding C&M area)>
- In ongoing shift from analog to digital printing in the industrial printing industry

<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

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

<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

<Printing & Automation>
- Intensifying competition in the mid-price market
- Spread of DTF*3 models

*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.

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 Strategies

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 a 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 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.



FY2025 Key Initiatives Progress

Expansion of product and business areas

- New products were launched smoothly as planned. Regional and segment-specific strategies were steadily implemented.

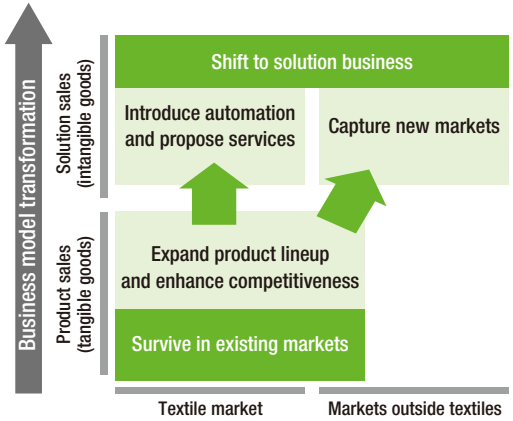
Strengthening the Services and Solutions Business

- By selling products and consumables and providing services and support, we have expanded the lineup of 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 the 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 and seek growth by shifting from simply selling products to entering the solution business. To advance these strategies, we made MUTOH HOLDINGS CO., LTD. (currently MUTOH LTD.) a consolidated subsidiary in FY 2025. We aim to expand our product lineup and quickly strengthen our foundation for growth.



Product enhancement

Strengthen product competitiveness in the textile market and expand our product lineup with a focus on adjacent areas.

Automation

Maximize customer success by strengthening automation and the proposal-based solution business.

New markets

Launch Brother's unique products onto the market, and create new markets through the POD*2 business along with solution proposals.

*2 A method of printing only on products as requested

FY2025 Key Initiatives Progress

Expansion of product and business areas

- Introduced Brother's first DTF printer and restructured its product lineup
- Promoted the development of next-generation models for our flagship products (The next-generation model GTX300NC launched in FY 2026)
- Made MUTOH a consolidated subsidiary

Strengthening the Services and Solutions Business

- Launched a subscription program for high-productivity customers

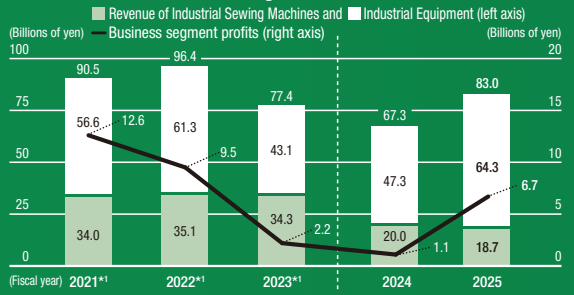
Medium-term Business Strategy | Business Strategies

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 figures for FY2021 to 2023 include industrial printers, which used to be included in the Industrial Sewing Machine Business.



By developing a diverse product lineup that can satisfy customer needs and concentrating our efforts on the focus regions, we will enhance our value proposal capabilities and achieve sustainable growth in the Industrial Equipment Business.

Tatsuo Terakura
Managing Executive Officer
Responsible for: Industrial Equipment Business, Machinery Business Division

In FY2025, sales in the Industrial Equipment Business remained strong due to increased demand for capital investment, mainly in China and other Asian countries and a resulting increase in both revenue and profit. This favorable result was brought by our successful efforts to create new forms of value, such as productivity, energy-saving features, and compatibility with the need for high-mix, low-volume production. This success centered on SPEEDIO brand, which focuses on small BT 30 spindle machining centers, thereby providing customers with products that contribute to increasing their competitive prowess in manufacturing. Another important contributory factor for sales growth was the necessary investments we had continued to make in the wake of the previous Medium-term Business Strategy (2022 to 2024). The targets of these investments included significantly strengthening our lineup of products that are capable of handling large workpieces, complex shape machining, multi-tasking, and automation, as well as further developing our sales and service networks.

Under "CS B2027," the Industrial Equipment Business will play the role of a growth business and promote prioritized allocation of growth investments, including M&A, and human resources toward discontinuous growth. In FY2025, we positioned enhancing our capabilities in proposing value to customers as a key initiative and newly designated Europe and Southeast Asia as focus regions in addition to China, India, and Japan. In these regions, we promoted the expansion of sales and service facilities and personnel. By expanding the Brother Technology Centers and opening new facilities, we have increased both our speed in developing proposals and our responsiveness, leading to increased negotiation opportunities for new deals and faster responses thereto. In terms of products, we have introduced new products that satisfy diverse needs, including a model equipped with a 100-tool magazine. This wider lineup not only meets demand among our existing customers for equipment upgrades and expansions, but it has also broadened the opportunity for us to approach new customers.

On the path forward, we will continue to contribute to increasing the productivity of our customers through SPEEDIO and to provide them with value so that they will be aware of our products' effects on solving problems and creating value at their production sites.

Aiming to achieve the target of revenue of 100 billion yen set in CS B2027, we will accelerate our growth going forward.

Industrial Equipment Business

Key indicators (Sales revenue): FY2025 result 64.3 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 BT 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

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

Opportunities
- Expansion of EV*5-related investment, including HVs*3 and PHVs*4, 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

*3 Hybrid vehicle 4 Plug-in hybrid vehicle *5 Electric vehicle

Risks
- Slowdown of the bullish machine tool market due to external factors, such as concerns about inflation
- Intensifying competition in the main product market

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 businesses.
- 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 our 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
- Strengthening the supply chain for business expansion

Industrial Sewing Machine Business

Key indicators (Operating profit ratio): FY2025 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 deskilling

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

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

Results for FY2025
- We acquired the automotive division of German-headquartered Konrad Busche.
- We accelerated our growth and profitability improvement in non-apparel areas, centered on automotive interior parts.

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 an unrivaled lineup of machining centers (MCs) capable of handling large workpieces, complex shape machining, multi-tasking, and automation while maintaining the compactness of BT 30 spindle MCs. We are steadily expanding our lineup of products that contribute to increasing our customers' competitive prowess in manufacturing. (In July 2026, our compact machining center SPEEDIO U500Xd2-100T, equipped with a 100-tool magazine, received the Japan Machine Tool Builders' Association Prize at the 56th Machinery Industry Design Award IDEA.)

Ⅱ High productivity and environmental performance



The energy-saving performance has been highly praised 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 and the 2025 Aichi Environmental Award.

Ⅲ Global production system and carbon neutrality

We have established a global production system with facilities in three countries: Japan, China, and India. 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*1 in compliance with ISO 14068-1: 2023*2, becoming the first facility in the manufacturing industry in Japan to do so.

*1 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.
*2 An international standard (issued on November 30, 2023) that provides principles, requirements, and guidance for achieving and demonstrating carbon neutrality through quantification, reduction, and offsetting carbon footprints in organizations and products



Points to further strengthen by actively utilizing external resources

Ⅰ Automation and labor-saving solutions

Moving forward, we will continue to 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 including not only our own products but also 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 are now being rolled out globally. In Europe, Brother expanded and relocated its Frankfurt Technology Center, making it the third largest Brother Technology Center in the world after centers in Japan and China.



FY2025 Key Initiatives Progress

Enhancing our ability to propose value to customers

- We are strengthening our sales and service facilities and human resources in key regions. In addition to China, India, and Japan, we are expanding our presence in newly designated focus regions, Europe and Southeast Asia.
- By launching multiple new products that meet process integration and automation needs and enhancing our lineup, we are capturing renewal and expansion needs from existing customers, while broadening our market reach and creating opportunities to approach new customers.

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

- Raising profitability 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 opportunity created by rapid growth of the robotics industry

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

Key indicators (Operating profit ratio)

FY2025 result 5% ▶ FY2027 target 10%

Growth business | Core business

Profit-driven business | Profitability transformation business

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 sourcing key parts inhouse

Gears

- Top-class production facilities in Japan and proprietary gear processing technology
- Integrated production system that covers the entire process from order reception to 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

Challenges and solutions

- Exploring markets outside Japan and acquiring new customers by enhancing the appeal of products
  - ➡Realizing a product portfolio that follows industry trends through automation, optimization of energy efficiency, etc.
  - ➡Developing new products and technologies for the next generation to create new customers
- Improving profitability by streamlining manufacturing functions and promoting further efficiency improvement
  - ➡Revamping our production management systems to improve efficiency and promoting automation and labor-saving

Results for FY2025

- Strengthened product competitiveness by enhancing the functionality of high-precision reducers for servo motors and expanding the product lineup
- Improved productivity by promoting automation and upgrading the production management system

Personal & Home Business

Through 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, we inspire the joy of handicrafts and increase LTV by encouraging continued customer engagement and expanding purchasing opportunities.



©Disney

Business Strategy (Business Policy)

- Developing a lineup of products based on new concepts to stimulate greater customer creativity through creative activities and allow them to experience the joy of creation more deeply
- Strengthening our profitability by making the most of the Artspira mobile app, 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, with the aim of expanding the market for this kind of product for business use

Key indicators (Operating profit ratio)

FY2025 result 10% ▶ FY2027 target 10%

Growth business | Core business

Profit-driven business | Profitability transformation business

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 Artspira mobile app
- 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

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

Challenges and solutions

- Increasing the number of registered users of the Artspira mobile app to strengthen the foundation of new businesses
  - ➡Expanding the functions of the Artspira mobile app 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 these customers

* Abbreviation for "Start Your Own Business," which refers to products and services targeting startups and side businesses

Results for FY2025

- Added new features, including a user guide that provides access to tutorial videos and support information tailored to customer needs, to increase paid subscriptions to Artspira
- Launched a new commercial and industrial sewing and embroidery machine model designed specifically for business use

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 respond quickly to changes in society.

Business Strategy (Business Policy)

- Create business themes related to solving materialiting and promoting growth of 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 CO_2 emissions Supporting people's value creation	●An energy-efficient spot cooler that eliminates exhaust heat and CFC-free, using our unique "TwinAqua" cooling technology ●Expand sales of solutions that improve working environments and comfort in commercial spaces while helping to combat global warming ●Broaden the product lineup through strategic investment
Fuel cells 	Reducing CO_2 emissions Supporting people's value creation	●Use of hydrogen fuel cells as a backup power source that uses hydrogen as fuel and can generate clean electricity for long periods of time ●Use of hydrogen storage alloys that have been certified as non-hazardous materials enables safe transport and storage of hydrogen

TOPICS Transfer of the BuddyBoard Business to BuddyBoard Inc.

In March 2026, BIL transferred its BuddyBoard business to BuddyBoard Inc. through a company split. BuddyBoard is an iPad note-taking app that enables users to share handwritten notes and annotations on drawings in real time. Since its launch in 2021, it has been widely adopted, particularly in the construction industry. In May 2026, the business secured external funding from a fund backed by a partner with extensive expertise in SaaS businesses and the construction industry. The business will be operated as a joint venture, with the aim of accelerating its growth.

"At your side." Stories trace the origins and growth of BuddyBoard.



From Zero to a Growing Business: How an Intrapreneur Brought a Team Together to Build BuddyBoard (Japanese only)

Column Building Trust to Support Post-Merger Integration (PMI)

Deepening Mutual Understanding with New Colleagues to Build a Foundation for Value Creation

The Brother Group believes that successful post-merger integration (PMI) requires not only the integration of management structures and business operations but also a deeper understanding of corporate philosophies and cultures. By gaining a deeper understanding of the strengths and values of new colleagues while sharing the Brother Group's own philosophy and values, we promote mutual understanding and foster a shared awareness across the Group. Through these efforts, we are building a foundation for creating new value.

Busche Automation: Bringing Cultures Together through Dialogue on Corporate Philosophies





In January 2026, the Brother Group acquired the automobile parts business of Germany-based Konrad Busche and welcomed it as Busche Automation (BA), an industrial sewing machine solutions division under Brother Internationale Industriemaschinen GmbH (BIMH), the Group's German subsidiary. Following the acquisition, members from Japan and BIMH visited BA and exchanged views on their respective values and what they consider important in their daily work through discussions centered on the corporate philosophies of Brother and BA. BIL President Ikeda also visited BA to engage directly with its members in discussions on growth strategies for the industrial area and collaboration with the Japanese team. Through these activities, Brother confirmed that the two organizations share many common values, including a strong commitment to delivering value to customers and respect for those working on the front lines. The activities also deepened Brother's understanding of BA's distinctive strengths, including its ability to understand customers and develop solutions. By leveraging the strengths of both Brother and BA, the Group will further strengthen its ability to propose compelling solutions to customers.

MUTOH LTD.: Using the Internal Newsletter to Build Understanding of a New Group Member



In July 2026, the Brother Group made MUTOH a wholly owned subsidiary, welcoming it into the Group. To mark this milestone, BIL featured MUTOH in its internal newsletter, introducing MUTOH's history, business activities, corporate culture, facilities, and employee initiatives. The newsletter was distributed to employees of domestic Group companies, including MUTOH. The feature highlighted common ground between Brother and MUTOH, including MUTOH's strengths in the large-format inkjet printer business, its approach to manufacturing, and its culture of respecting employee initiative and encouraging employees to take on challenges. In response, employees shared comments such as "I felt a sense of affinity with MUTOH because its corporate culture is similar to Brother's" and "I was able to learn about MUTOH, now part of our Group, including its business, its corporate culture, and the personality of its president." Efforts to foster shared awareness and build a foundation for collaboration are underway, with the aim of combining the technologies and expertise of Brother and MUTOH to create products and services that meet customer expectations.

Human Capital

Capital status

- Number of Group employees: Around 40,000*
- Percentage of employees outside Japan: 79.2%*
- Assigning local employees to top management positions of facilities outside Japan: 66 (69%)*

* As of March 31, 2026

"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.

FY2027 sustainability targets

- 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.

Brother Group Human Resources Management Policy

Since its foundation, the Brother Group has consistently maintained its commitment to valuing its people. To create a workplace where each associate can maximize their individuality and abilities and thrive, we have established the Brother Group Human Resources Management Policy.

Brother Group Human Resources Management Policy

Actively Invest in Talent Development

Career development support

The Brother Group is strengthening support for employees' career development based on the concept of "career ownership." "Career ownership" refers to employees taking control of their own careers and growing autonomously. We believe that enabling self-directed career development will allow employees to face work with a more positive and energetic attitude, which will in turn lead to improved employee engagement and greater results, ultimately resulting in higher value for our customers.

In FY2025, we launched the "self-career dock" program, which provides career counseling to employees in their second to fourth years with the Company. Through consultations with internal career consultants, employees clarify their strengths and values and confirm their desired future direction. Through this initiative, we aim to raise career awareness among new employees from an early stage after joining the Company, leading to autonomous career development.

Developing Leadership Talent

Authentic Challenge & Leadership Program

- A program to support employees in taking on new challenges has been implemented since FY2014. In FY2025, it was renewed as the Authentic Challenge & Leadership Program to help participants develop leadership skills through management literacy development and dialogue with experts from diverse fields.
- By FY2025, a total of 258 employees had completed the program, and ideas generated through the program have contributed to the creation of a variety of new products and services.

External training program

- An external training program has been implemented since 2017 to develop next-generation leadership talent.
- By FY2025, a total of 263 employees had participated in the program.

Female leadership development training

- A female leadership development training program has been implemented since FY2022 to develop potential female managers.
- The program helps participants identify challenges such as balancing work and family life, recognize factors that hinder motivation and limitations they may unconsciously impose on themselves, and explore solutions, thereby broadening their career possibilities and perspectives.
- From FY2022 to March 2026, the training was conducted six times, with a total of 120 female employees participating.

Developing talents who can tackle global business challenges

The Brother Group operates a trainee program under which employees are exchanged between BIL and Group companies outside Japan for periods ranging from three months to one year.

In FY2025, 24 employees were dispatched from BIL to Group companies in Asia, Europe, and the U.S., while 29 employees were dispatched from overseas Group companies to BIL.

Comment from an employee who used the trainee system



Learning from the frontline and applying it to product development

Kazuya Yura
BROTHER INDUSTRIES, LTD. (Japan) ➡ BROTHER MACHINERY INDIA PRIVATE LTD.
Machine Tools Development Dept., Machinery Business Division, Brother Industries, Ltd.

I am normally responsible for the development of machine tools. This time, I was dispatched to India as a trainee to conduct research on peripheral equipment for machine tools used in the Indian market. Specifically, through interviews with local manufacturers and customers, I worked to identify challenges in selecting appropriate equipment and reducing operational problems. Through my activities in India, I was able to gain firsthand insights into actual usage environments and customer needs that are difficult to understand fully from Japan and to deepen my understanding of the issues occurring locally and the factors behind them. I also realized that the specifications required for products and peripheral equipment vary significantly depending on the country, market, and operating environment. I learned that even slight differences in specifications can lead to different challenges. At the same time, witnessing local staff and expatriates sincerely addressing customer needs taught me the importance of gaining an in-depth understanding of the frontline.

Going forward as a developer, I will more proactively incorporate feedback from the frontline and customers, visit local sites to deepen my understanding of actual usage environments, and contribute to product development that meets diverse market needs.



Applying equipment development expertise learned in Japan to the growth of our Philippine facility

Patricia Torres
BROTHER INDUSTRIES (PHILIPPINES), INC. (BIPH) ➡ BROTHER INDUSTRIES, LTD. (Japan)
BIPH

I was dispatched from BIPH, a manufacturing facility in the Philippines, to BIL as a trainee to enhance my equipment development capabilities. During my assignment, I was involved in the launch of equipment used to manufacture inkjet printer head components, gaining hands-on experience across the entire equipment development process, including machine adjustments, quality confirmation, and equipment evaluation. Ultimately, the equipment I worked on met BIL's quality requirements and was shipped for installation at the manufacturing facility.

At the development site in Japan, a thorough process was in place to build quality into the equipment by conducting necessary checks and verifications at each stage of development. From this experience, I learned the importance of advancing development through step-by-step checks and evaluations at every stage to ensure equipment quality and stable operation. Leveraging the knowledge and insights gained through the trainee program, I am currently working on creating equipment design guidelines and educating training team members at BIPH. Going forward, I aim to roll out the equipment development methods learned in Japan across BIPH, thereby contributing to the enhancement of our manufacturing technology capabilities.

Human Capital

Internal concurrent job system

In FY2023, BIL introduced an internal concurrent job system. 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 FY2025, about 47 employees had used this system.

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



The importance of on-the-ground perspectives and collaboration gained through the internal concurrent job system

Fumika Ikui

Engineering Development Dept., Quality, Production & Engineering Center
➡ IDS Development Dept., P&S Business
Brother Industries, Ltd.

For six months, I took advantage of our internal concurrent job system to work in the R&D Department, which uses the production data management system developed by my own department. Through experiments using actual printers and data analysis, I learned firsthand how our system is used to enhance product performance and quality. While my daily work mainly involves system development with clearly defined requirements and goals, R&D drives problem-solving through repeated trial and error based on hypotheses. Experiencing this different workflow strengthened my desire to put myself in the users' shoes and develop systems that are even more user-friendly and effective in boosting operational efficiency.

I also worked on establishing a new verification method to solve printer printing issues. As this was a first-of-its-kind initiative for the host department, I had to figure out an approach from scratch. However, by collaborating not only with members of the host department but also with experts from other departments, I was able to leverage diverse insights to solve the challenges.

Through these experiences, I gained a firsthand understanding of the operations and challenges faced by the users of the systems I normally develop while learning the importance of creating value through cross-departmental collaboration. Going forward, I aim to apply these lessons to develop systems that contribute even more to solving R&D challenges and improving operational efficiency.

Ongoing Initiatives for Diversity and Engagement

Promoting the active roles of diverse talents tailored to the conditions and challenges of each facility and region

The Brother Group aims to create workplace environments where diverse talents can thrive in ways that reflect the conditions and challenges of each facility and region. To this end, the Group promotes the appointment of local employees to top management positions in facilities outside Japan. As a result of actively appointing talent with a deep understanding of local markets and customers to management positions, including presidents of major sales companies outside Japan, the ratio of local employees serving as heads of the Brother Group's overseas facilities reached 69%*1 in 2025.

*1 Including Domino and MUTOH affiliated companies

Improve employee engagement on a global basis

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. Following FY2024, the Group continued to conduct an employee engagement survey at all its global facilities*2 in FY2025 to continuously monitor employee engagement and identify issues.

*2 MUTOH LTD. became a consolidated subsidiary of BIL as of the end of March 2026 and was therefore not covered by the FY2025 survey. Also, XING INC. and its group companies were not covered by the survey because a partial transfer of BIL's shares in XING INC. was expected to take place.

Promoting diverse work styles

BIL promotes the creation of an environment in which diverse talents can work autonomously and, in FY2023, implemented measures such as abolishing core hours under the flextime system and expanding the homeworking system.

Comfortable Working Environment

Voice of an employee who utilized the childcare leave system



Precious moments spent watching my children grow up

Kengo Naniwa

Development Group 2, Machine Tools Development Dept., Machinery Business
Brother Industries, Ltd.

Details of the comment

Strengthening the Talent Portfolio in Key Areas

To realize the transformation of its business portfolio, BIL is actively promoting the recruitment of experienced professionals and managerial talent in key areas. In FY2025, mid-career hires accounted for 48% of all recruits. In addition, mid-career hires represented 28% of managerial positions. After joining the Company, mid-career hires participate in the Brother Onboarding Program to support their early success and contribution. BIL will continue to actively recruit external professional talent to drive business transformation.

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.

Brother Group Global Health & Productivity Management Philosophy

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.

"Healthy Brother 2035" — a set of long-term targets for employee health

The Brother Group Health & Productivity Management Promotion Council formulated "Healthy Brother 2035" in FY2025 as a set of long-term targets to be achieved by 2035.

Publication of the Health & Productivity Management Storybook

BIL publishes the Health & Productivity Management Storybook to introduce its thoughts and specific initiatives aimed at realizing employee well-being. This storybook is intended for all stakeholders, including employees.

The Health & Productivity Management Storybook

Intellectual Capital

Capital status

- Research and development expenditures 50.8 billion yen*1
- Number of patents owns worldwide: approx. 28,000*1
- Number of design rights owns worldwide: approx. 3,000*1

*1 FY2025 results

"CS B2027" Policy

Integrate and strengthen inkjet technology and expand its applications to diverse fields

We aim to diversify applications and expand the scope of applications in the Industrial area by integrating technology development functions across inkjet-related development, production engineering, and manufacturing, thereby strengthening device development and enhancing our competitiveness.

- Strengthen inkjet devices
  By integrating inkjet development, design, and production engineering functions, we will strengthen three key elements: proprietary printhead technologies, ink variations, and production capacity.
- Diversify applications and expand the scope of applications in the industrial area
  Building on inkjet-related products that have expanded from consumer to industrial applications, we will make the most of our global sales network to provide products, services, and solutions that go beyond conventional business boundaries.

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. In addition, the Group has established a framework under which matters requiring significant decisions are reported to Management, including Business Executive Officers, on an ongoing basis to obtain the necessary guidance and approvals. In the Printing & Solutions 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 the Machinery Business, we will protect the technologies 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."

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 printheads, ink, and production capacity.

Among these technologies, Brother's proprietary inkjet printhead technology, MAXIDRIVE, achieves high-quality printing while reducing printing time through high-power ink ejection. It also offers high durability, meeting the demands of industrial printing applications. Until now, MAXIDRIVE has been used primarily in business inkjet printers for consumer use. In FY2025, however, it was also introduced into industrial garment printers. In addition, Brother is promoting the in-house production of industrial water-based pigment inks to ensure a stable supply. These initiatives represent the concrete expansion of technological assets cultivated in consumer applications into industrial applications, helping to strengthen competitiveness. Going forward, we will continue to focus on inkjet technology while refining our printheads, inks, and manufacturing capabilities in an integrated manner, thereby accelerating the enhancement of our competitiveness and the development of new applications in the industrial area.

Launched Brother's first products to feature MAXIDRIVE in industrial products

Printing & Solutions Business

Consumer business printers



MFC-J7610CDW | MFC-J7510CDW | MFC-J7310CDW | MFC-J7110CDW | DCP-J7205CDW

Industrial Printing Business

Industrial garment printers



DTRX100 | GTX300NC

Manufactured Capital

Capital status

- Global manufacturing facilities: 29*1
- Capital expenditures: 44.9 billion yen*2

*1 As of March 31, 2026
*2 FY2025 results

"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

Strengthening 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.

Initiatives to Strengthen Company-wide Procurement Functions

In FY2025, we pursued cross-business procurement of parts and materials and cost reduction through centralized purchasing. As an example of interdepartmental cooperation, the Centralized Procurement Dept., the Production Strategy Planning Dept., and the Engineering Development Dept. collaborate to promote our procurement strategy, manufacturing facility strategy, and technology strategy to build an efficient supply chain. To mitigate natural disaster and geopolitical risks, we are also diversifying suppliers and implementing business continuity plans (BCPs) to reduce reliance on specific regions or suppliers, thereby ensuring supply chain stability.

Initiatives to Strengthen Quality Assurance Capabilities

In FY2025, we strengthened our efforts to maintain high quality standards and prevent misconduct or non-conformities. As an example, to eliminate quality fraud, we introduced a system that detects data tampering by cross-checking old and new data to verify that no tampering has occurred. We provide quality compliance training to our employees to foster a culture of compliance. To prevent silent changes,*3 we request at supplier explanatory meetings that they notify us in advance of any changes to part or material specifications. In addition, we ensure full compliance with country-specific laws, standards, and environmental regulations that are constantly being updated. In the event of a product incident, we swiftly investigate the cause and take corrective action while building frameworks to prevent recurrence—driving a transition from "quality assurance that responds after problems occur" to "quality assurance that prevents problems before they occur."

*3 Unauthorized delivery of parts or materials with changed specifications without notifying the ordering company

Initiatives to Streamline Company-wide Business Processes through AI

Key initiatives

Promote Company-wide business process efficiency

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

In FY2025, we expanded AI adoption from the individual to organizational levels. Based on analysis of generative AI usage, we are progressively deploying task-specific applications, such as for translation and meeting minute creation. By improving the convenience and efficiency of AI, we are working to streamline our business operations while maintaining and increasing high employee adoption rates. As an example of AI application, the P&H Business integrated AI technology into the Artspira creator support mobile app, implementing a feature that generates images by converting uploaded photos into selected styles. These images are provided to customers as embroidery, cutting, and printing data. The Commercial & Industrial Labeling Business built an AI-powered knowledge base that accumulates sales negotiation/product information and industry expertise. By integrally controlling AI agents, this platform is engineered to handle increasingly complex customer inquiries. In production management, we developed and introduced an AI chatbot to support the handling of customer inquiries. This initiative promotes the use of business knowledge and know-how while accelerating inquiry responses and standardizing service quality.

AI-powered image generation feature



[Input example] [Output examples]

Social and Relationship Capital

Capital status

- Number of consolidated subsidiaries: 120 companies*1
- Number of countries and regions supplied with Brother products and services: More than 180*1,2

*1 As of March 31, 2026
*2 Countries or regions with Brother sales facilities or authorized Brother agents

"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*3 certification at key factories.

*3 Responsible Business Alliance

Respect for Human Rights

Formulation of the Brother Group Global Human Rights Policy

Brother Group respects the human rights of all people involved in the business activities of Brother Group, and actively engages in measures to ensure that our business activities do not have a negative impact on human rights.

In order to continue to work towards the advancement of human rights, we have formulated the Brother Group Human Rights Global Policy.

Brother Group Global Human Rights Policy

Promotion structure

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

Human rights due diligence

The Brother Group is further promoting its efforts to respect human rights through the implementation of human rights due diligence. We request first-tier suppliers*4 to our main businesses to undertake initiatives to respect human rights and, through these first-tier suppliers, encourage their upstream suppliers to implement similar initiatives. Through these efforts, we aim to achieve responsible procurement throughout our entire value chain.

Enhance the effectiveness of human rights risk assessments across the entire value chain

In FY2025, we reviewed our human rights due diligence process to further increase its effectiveness. Specifically, we shifted to an approach of identifying the human rights risks to be addressed as a priority and then narrowing down the scope of our survey to suppliers for which the impact of those risks is considered to be significant. Compared with conventional questionnaire surveys of all suppliers, this new approach allows us to conduct an assessment survey focusing more sharply on suppliers with highly significant risks and to adopt more efficient and effective follow-up measures. We shifted to this new approach and identified human rights risks not only based on our knowledge obtained from past human rights risk assessments and corrective activities we had conducted as a member of the RBA but also in comprehensive consideration of the results of previous surveys and audits, third-party evaluations carried out by external experts, and other factors. This new approach is in accordance with the United Nations Guiding Principles on Business and Human Rights.

Details of the human rights due diligence process

Priority human rights risks to be addressed by the Brother Group

- ○Human rights governance
- ○Excessive or unfair working hours
- ○Rights of migrant workers
- ○Discrimination
- ○Inadequate or unpaid wages; living wages
- ○A safe and healthy work environment
- ○Child labor
- ○Freedom of association

FY2025 Results

Based on the priority human rights risks identified above, as well as factors such as suppliers' product characteristics and manufacturing locations, we conducted human rights risk assessments for each supplier. Based on the assessment results, we selected suppliers considered to have relatively high risks for questionnaire surveys. The surveys examined the implementation of risk mitigation measures, the existence of human rights violations, and initiatives to prevent and detect such violations. The results revealed that there was room for improvement at some suppliers. We conducted online and on-site audits of suppliers identified as requiring improvements. While the audits did not identify any serious human rights violations or non-compliance with laws and regulations requiring immediate corrective action, they revealed the need for further improvements in systems for acquiring and sharing the latest information on human rights risks, implementation of risk assessment procedures, and occupational health and safety measures. Based on these audit results, we provided support to each supplier in implementing corrective actions and mitigating risks, including assistance in formulating corrective action plans.

Number of companies surveyed for risk assessment	Result **227** companies
Assessment based on surveys	Result **101** companies*5
On-site or online audits	Result **11** companies
Number of companies subject to correction after audits	Result **6** companies*6

*4 Suppliers that provide components required for the manufacture of our products
*5 Number of suppliers identified through screening as requiring a more detailed assessment
*6 Number of suppliers that implemented corrective actions, such as establishing and communicating policies on the prevention of human rights violations and improving occupational health and safety measures

Continuous RBA certification of key factories

Since BIL joined the RBA in January 2019, it has been conducting audits of Brother Group facilities through third-party organizations certified by the RBA. As a result, in FY2022 and the following years, four manufacturing facilities received RBA certification.

RBA-certified Facilities in the Brother Group (as of March 2026)

Facility	Main Business	Status	Date of Acquisition
BROTHER INDUSTRIES (VIETNAM) LTD.	Manufacturing of printers and All-in-Ones	Platinum	October 29, 2024
BROTHER TECHNOLOGY (SHENZHEN) LTD.	Manufacturing of printers and All-in-Ones	Platinum	September 6, 2025
BROTHER INDUSTRIES (PHILIPPINES), INC.	Manufacturing of printers, All-in-Ones and labeling systems	Silver	August 2, 2025
BROTHER INDUSTRIES, LTD. (Hoshizaki Factory)	Manufacturing of inkjet printheads and related components, etc.	Gold	March 26, 2026

Natural Capital (Environmental Initiatives)

Capital status

- Resource consumption (raw materials for products) 205,023t*1
- Total energy consumption (crude oil equivalent) 49,818kL*1

*1 FY2025 results

Brother Group Environmental Vision 2050

	Long-term Vision for FY2050	Medium-term Target for FY2030
Reduction of CO_2 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 Virtual Materials 25% Reduction*3 (from FY2022)
Biodiversity Conservation	Positive Net Gain for Biodiversity	Reduction of Ecosystem Impact

*2 Achieve overall zero CO_2 emissions from the Brother Group
*3 Applies to the P&S Business

"CS B2027" Policy and FY2025 Results

- Achieved sustainability targets related to reduction of CO_2 emissions and resource circulation
  - [Scope 1,2]
  - Target: Achieve 56% reduction (from FY2015 level)
  - Result: Achieved a 56.0% reduction
  - [Scope 3]
  - Target: Achieve 25.2% reduction based on sales (from FY2022 level)
  - Result: Achieved a 29.9% reduction
  - [Resource Circulation]
  - Target: Reduce the amount of virgin materials based on sales by 16.9% (from FY2022 level)
  - Result: Achieved a 23.9% reduction

Environmental Action Plan 2027

Realization of Carbon Neutrality

Realization of Carbon Neutrality


Solar panel in Kariya Factory

Kariya Factory, one of the manufacturing factories of the Machinery Business, placed top priority on improving energy efficiency through energy conservation and actively promoting the introduction of renewable energy in its efforts to reduce CO_2 emissions. In October 2024, Kariya factory completed 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 standard, and is also the first case in the manufacturing industry in Japan. In October 2025, Kariya factory once again completed verification of compliance with the ISO 14068-1:2023 standard.

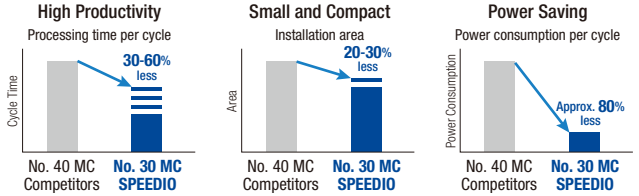
*4 An international standard that provides principles, requirements, and guidance for achieving and demonstrating carbon neutrality

SPEEDIO Machine tool Awarded the Grand Prize at the Minister of the Environment Awards for Climate Action in FY2025

External Award

The SPEEDIO machine tool is a #30 spindle machining center (MC) that combines an expanded machining area and compactness with excellent energy efficiency. It contributes to energy-saving and reduction of CO_2 emissions 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 its external dimensions, it is now possible to machine some parts that were previously machined using the medium-size MC of #40 to #50 machines. In recognition of these features, SPEEDIO received the Grand Prize at the Minister of the Environment Awards for Climate Action and the Encouragement Award at the EcoPro Awards in FY2025.

Strengths of SPEEDIO



Remanufacturing and Recycling of Toner and Ink Cartridges

Collection, Remanufacturing and Recycling Efforts in Various Countries

The Brother Group remanufactures end-of-life toner and ink cartridges at Brother remanufacturing sites into toner and ink cartridges having the same quality as brand-new cartridges, and delivers them to customers. By recycling those cartridges that could not be remanufactured before, the Brother Group is contributing to waste reduction, effective utilization of natural resources, and reduction of CO_2 emissions. In FY2025, the Brother Group as a whole remanufactured 2.5 million toner cartridges, contributing to a reduction of 2,900 tons of CO_2 emissions and 840 tons of virgin materials. Furthermore, in March 2025, Brother Industries, Ltd. (BIL) was named 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 MarketScape | SDGs STORY

Improving Ink Cartridge Remanufacture through Blow Molding

Resource Circulation and Waste Reduction


Appearance of ink cartridges manufactured by blow molding

Conventional ink cartridges manufactured by injection molding have a complex shape, making it difficult to completely remove residual ink and other contaminants during the remanufacturing process. To address this issue, the Brother Group undertook the challenge of developing an ink cartridge with fewer seams, using blow molding - a technology so challenging that it is often likened to shaping a complex form by inflating bubble gum. Brother became the first in the world to successfully commercialize this innovation, which reduces residual contamination and improves cartridge remanufacturability.

The World's First Blow-Molded Ink Cartridge! (in Japanese)

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 both been recognized by the Ministry of the Environment as a "Nationally Certified Sustainably Managed Natural Site" and have also been registered on OECMs. The activities at Brother Forest Gujo were highly recognized, and in October 2025, the site received the President's Award from the National Land Afforestation Promotion Organization for the first time at the FY2025 National Tree-Nurturing Activities Contest.

For details, please see (in Japanese)

Governance

Outside Directors' Round Table

Transition to a Company with an Audit & Supervisory Committee and Evolution of the Board of Directors

Following its transition to a company with an Audit & Supervisory Committee, the Brother Group launched a new governance structure with a higher proportion of Outside Directors on the Board of Directors. As authority is increasingly delegated to management, how is the Board of Directors seeking to evolve into a more effective board? Four Outside Directors and three Outside Directors serving as Audit & Supervisory Committee Members engaged in a candid discussion on business portfolio transformation, capital efficiency improvement, and the enhancement of Group governance.



Transition to a Company with an Audit & Supervisory Committee and Evolution of the Oversight Function

Q How will granting Audit & Supervisory Committee Members voting rights change the effectiveness of oversight?

Yamada: We should not simply assume that a company with an Audit & Supervisory Committee is inherently superior to a company with an Audit & Supervisory Board. Under the previous structure, Corporate Auditors were also able to express their views at meetings of the Board of Directors and point out concerns when they considered agenda items inappropriate. The most significant change resulting from the transition is that Audit & Supervisory Committee Members are now explicitly granted the right to express opinions regarding nominations and compensation. By participating in the Nomination Committee and the Compensation Committee as observers and sharing those discussions with the Audit & Supervisory Committee, we have enhanced the effectiveness of our oversight function.

Akamatsu: As an outside officer, I myself do not draw much distinction between the roles of an Outside Director and an Outside Corporate Auditor, even in terms of how I express my views. Generally speaking, Corporate Auditors, despite having the advantage of operating under a "single-person system,"* unlike the collegial Board of Directors, are sometimes undervalued because they do not have voting rights. That said, I am keenly aware of the greater responsibility I now bear as a Director with voting rights and direct involvement in final decision-making as a result of this change in the governance structure. I also believe it is highly significant that Outside Directors constitute a majority of Audit & Supervisory Committee Members and that Outside Directors now constitute a majority of the Board of Directors.

* A system stipulated under the Companies Act whereby each Corporate Auditor acts as an independent body and may independently exercise such authority as conducting investigations and expressing opinions.

Matsumoto: Becoming a Director after serving as a Corporate Auditor has not fundamentally changed my approach to deliberations. From my position as an outside member, I have never hesitated to speak up when I believed something needed to be said. What has changed, however, is the way we are perceived by stakeholders, including shareholders and investors. The challenge

Governance

Outside Directors' Round Table

will be to find ways to continue fostering substantive discussions within the Board of Directors that meet stakeholders' expectations and earn their trust.

Q As the Board of Directors shifts its focus toward discussions on key management issues, how are those discussions changing?



Shirai: One of Brother's greatest strengths is that seven diverse Independent Outside Directors, with different areas of expertise and industry backgrounds, constitute a majority of the Board of Directors. All of us share a strong commitment to meeting shareholders' expectations. However, looking back, I also see some areas where we could have done better. During Board of Directors discussions on post-merger integration (PMI) reports for acquired companies, management provided explanations from a wide range of perspectives, but there were times when we, as Outside Directors, found it difficult to narrow down the key points for discussion. To further strengthen the Board of Directors' oversight function, I believe we must continue improving the selection of agenda items, the manner in which deliberations are conducted, the allocation of time, and the preparation of materials.

Hidaka: Traditionally, boards of directors at many Japanese companies functioned primarily as forums where internal directors formally approved large-scale investment proposals. Today, however, they are increasingly expected to rigorously review actions that have been taken, the strategic rationale behind those actions, and whether the intended results were achieved. I believe this positive shift is steadily taking place within Brother's Board of Directors as well. The transition to a company with an Audit & Supervisory Committee provides a valuable opportunity to reexamine the criteria for agenda items and create an environment in which the Board of Directors can focus on even more substantive strategic discussions. I also have high expectations for the initiatives being led by our new Chairperson, President Ikeda, to improve the operation of the Board of Directors.

Q How will the Audit & Supervisory Committee Members feed back the risks and issues they identify at the operational level to the Board of Directors?

Matsumoto: Before the transition, we relied heavily on reports from the Standing Corporate Auditors. Today, however, we hold regular monthly discussions with the Internal Audit Department, enabling us to obtain more timely and direct information from business divisions and facilities at the operational level. The challenge now is finding ways to share early warning signs of risks and potential management issues with Outside Directors who are not Audit & Supervisory Committee Members in a timely manner and to connect these insights to deliberations of the Board of Directors as a whole. There are firewalls between the Audit & Supervisory Committee Members and other Outside Directors to ensure professional independence and maintain confidentiality. That is precisely why both sides must make conscious efforts to create more opportunities for information sharing and dialogue.

Yamada: In that regard, the pre-Board briefing sessions held one to two weeks before meetings of the Board of Directors serve as an effective platform for helping Outside Directors deepen their understanding of agenda items. At times, these briefing sessions last even longer than the actual Board of Directors meetings and provide a forum where Outside Directors can express candid and rigorous views without hesitation. When agenda items lack clearly defined discussion points or supporting materials are insufficient, Outside Directors may request that management and the secretariat refine the discussion points or revise the supporting materials at these sessions. These pre-Board briefing sessions make a significant contribution to enhancing the oversight function of the Board of Directors.

Business Portfolio Transformation and Capital Efficiency Management

Q How do you assess the business portfolio transformation, including the partial transfer of shares in XING Inc. and M&A initiatives?

Miyaki: Brother has continuously transformed its businesses in response to changing times. To further accelerate transformation and growth, M&A is one of the most effective tools available. When evaluating M&A transactions, I place particular importance on qualitative factors, such as whether the target company possesses a sound and sincere corporate culture while facing constraints or limitations on growth on its own. With regard to the partial transfer of shares in XING Inc., opinions were sharply divided between those who wished to preserve the business because of their attachment to it and those who supported the transfer. Ultimately, however, we concluded that the online karaoke business had limited growth potential as a standalone business, and discussions gradually converged on the decision to proceed with the transfer.



Yamada: Alongside the resolution of NISSEI CORPORATION's parent-subsidiary listing structure, the restructuring of the online karaoke business had been a long-standing issue. After extensive discussions and careful consideration of the timing, we arrived at the difficult decision to transfer the business. Nevertheless, I believe it was an appropriate decision from the standpoint of improving medium- to long-term capital efficiency and optimizing the business portfolio.

Uchida: I do not believe the role of Outside Directors in the business portfolio transformation is simply to push for the restructuring or withdrawal of non-core businesses. More importantly, our role is to encourage management to take sound risks in pursuit of new growth opportunities. Brother is an extremely prudent company, which is precisely why Outside Directors must take the lead in encouraging calculated risk-taking. With respect to M&A as well, I consistently argue at meetings of the Board of Directors that we should pursue opportunities more dynamically and proactively.

Q How does the Board of Directors monitor PMI and synergy creation following acquisitions?

Hidaka: With respect to our current PMI efforts, there is still room for improvement in the follow-up framework for business investments and

Governance

Outside Directors' Round Table

related governance functions, and we need to strengthen the mechanisms for systematically evaluating and monitoring investment projects across the organization. Looking ahead, if Brother is to pursue larger-scale growth investments and M&A opportunities, it will be essential to further reinforce the organizational foundation so that it can consistently manage the entire process, from identifying investment opportunities and executing transactions to carrying out PMI. This includes securing and developing business leaders and strategic planning talent.



Akamatsu: My impression is that many of Brother's past M&A initiatives have depended heavily on the passion and commitment of the individual responsible for driving them forward. While strong leadership is indispensable, we also need to build an organization capable of objectively managing the execution and return process of major investments, including M&A. As an Audit & Supervisory Committee Member, I will continue to monitor governance over both investment decision-making and the realization of investment returns closely while also paying attention to the way in which Brother develops a grand design grounded in quantitative logic.

Miyaki: Based on my experience, strong leadership is ultimately one of the most important factors in the success of an M&A transaction. With respect to PMI, I would like to see reports that go beyond simply describing what has been done to provide objective assessments of progress instead, while clearly highlighting any issues and challenges that have emerged.

Q Brother has substantial cash reserves. How should it balance improving ROE with growth investments? Also, from what perspectives does the Board of Directors discuss capital allocation?

Matsumoto: Each business segment operates with a high degree of autonomy. At the same time, I feel that, when making major Company-wide investment decisions, it is becoming increasingly important to take a broader view of capital allocation across businesses. We need to deploy capital flexibly to optimize its allocation across the Company as a whole while taking into account growth opportunities and the characteristics of each business. I also believe the Board of Directors should continue to review capital efficiency and productivity on a business-by-business basis and ensure that capital is used effectively.

Shirai: Management has fostered a "bad news first" culture in which gaps from targets and the effectiveness of corrective measures are reported candidly. At the same time, there is a risk that, in the pursuit of quick results, insufficient attention may be paid to planning. That is why it is important for the diverse members of the Board of Directors to challenge and validate one another's assumptions. We also review business-unit ROIC on an annual basis. During the current period of structural transformation toward industrial areas, I believe we must avoid an excessive focus on quarterly or monthly performance targets and actions that could discourage employees in the field.

Uchida: Mature businesses such as the P&S Business and industrial areas such as machine tools, which are still in the investment phase, should not be evaluated using the same metrics. Based on this way of thinking, we reassessed the roles of our businesses in "CS B2027." A temporary decline in capital efficiency during the early stages of a growth business is a risk that should be accepted. Rather than focusing on numerical targets simply to meet a single-year profit plan, it is important to manage performance indicators with due consideration for the characteristics of each business and the appropriate time horizon.

Hidaka: Our business performance has been steady, and we have consistently generated strong cash flows. At the same time, however, capital efficiency has emerged as a challenge. In that sense, maintaining a strong focus on improving ROE is critically important. While growth investments should remain the top priority, I have argued that Brother must also exercise appropriate capital control, including shareholder returns, taking into account the risk that M&A transactions may not materialize.

Uchida: The Board of Directors engages in candid discussions regarding capital allocation. However, overly simplistic share buybacks or dividend increases could send the message that we ourselves recognize limits to our future growth potential. For Brother today, the most important priority is to seize the next growth opportunities by deploying capital boldly and strategically.

Q What kind of investment mindset will Brother need going forward to achieve medium-term growth, and what do you expect as an Outside Director?

Miyaki: Despite having a 200 billion yen growth investment allocation, Brother has undertaken very few large-scale projects in recent years, such as capital investments exceeding 50 billion yen, factory renewal projects, or establishment of new technology laboratories. If management were to bring forward bold proposals, such as building factories designed with the future in mind, I believe the investment allocation could be put to much fuller use. I hope to see Brother take a major step forward rather than remaining satisfied with the status quo.



Uchida: The role of Outside Directors is to discuss which opportunities should be selected from among the many ambitious investment proposals put forward by each business unit. At present, however, even when these investment projects are aggregated, they still remain within the growth investment allocation. In my view, this reflects the conservative corporate culture that has long been part of Brother's DNA. To achieve sustainable growth, we need to break out of that mindset.

Governance

Outside Directors' Round Table

Risk Governance, Compensation, and Nomination

Q What should be the highest priorities for Group governance, including governance at overseas subsidiaries?

Akamatsu: There are limits to applying the Three Lines of Defense* uniformly to smaller overseas subsidiaries. In smaller organizations, responsibilities tend to become more concentrated in specific individuals, making it difficult to establish an ideal system of internal control. Taking into account differences in legal systems, business practices, and geopolitical risks, it is important to prevent key positions from being occupied by the same individuals for extended periods and to demonstrate, as much as possible, that Headquarters is keeping a close watch. To that end, as an Audit & Supervisory Committee Member, close coordination with the internal auditing departments and independent auditors is essential.

* A framework that clarifies roles and responsibilities for risk management and internal control within an organization by categorizing them into three groups.



Matsumoto: The most important thing to eliminate in Group governance is the creation of "black boxes." We must not allow situations in which oversight is weakened because of distance or organizational size, nor should we allow critical operations to depend on a single individual. At the same time, I would like to promote a more positive approach by sharing good practices across the Group, particularly in cases where effective controls have been achieved through initiatives taken at the operational level.

Yamada: Whether in Japan or overseas, the responsible department at Headquarters conducts rigorous monitoring of subsidiaries in which Brother has made direct investments. In reality, however, it is more difficult to keep a close watch on second-tier subsidiaries in which our subsidiaries have invested. I believe this is one of the highest-priority issues that the Audit & Supervisory Committee must address. We will communicate a strong commitment and clear policy that, as members of the Brother Group, even second-tier subsidiaries are subject to close oversight and expected to maintain discipline, and we will establish an effective control network.

Q Does the officer compensation system effectively encourage management risk-taking and enhance corporate value?

Uchida: If performance-based compensation metrics are defined too narrowly, management may become constrained by them, and achieving those metrics can become an end in itself. Brother needs to design a compensation system that encourages taking on challenges capable of driving exceptional growth. At the same time, while taking into account the balance with employee salaries, Brother needs an officer compensation system that can respond flexibly, with an eye toward attracting external professional talent and global talent.



Hidaka: In Brother's culture, which places great value on trust and cohesion within teams, behavioral change cannot be driven by competition alone. The current system is fair and sophisticated, but it is somewhat complex. We should also consider a simpler design that places greater emphasis on growth-related factors. In addition, I believe it would be effective to expand stock-based compensation to include not only officers but also employees, creating a mechanism through which everyone can share in the rewards of Brother's growth.

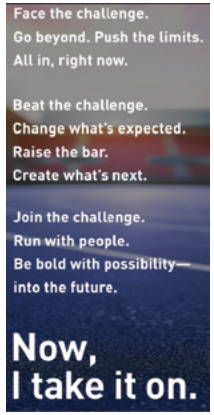
Q As Brother transforms its business portfolio, how will expectations for the next generation of business leaders evolve?

Miyaki: The Nomination Committee shares a pool of future President candidates, primarily in their 40s and 50s, and reviews their development progress. Committee members have also expressed the view that, in addition to internal promotions, Brother should consider recruiting external talent. At Brother, businesses pursuing growth coexist with businesses expected to deliver profit contributions. For the next generation of leaders, I would like to see a broad capacity to adapt their roles flexibly according to the characteristics and needs of each business.



Yamada: Because our Nomination Committee is a voluntary advisory body, some may view it as merely endorsing proposals put forward by management. In reality, however, that is not the case at all. Led by the Chairperson, who is an Outside Director, committee members engage in open and candid discussions without deferring to management's proposals. A strong checks-and-balances function is at work, and the committee functions in a sound and healthy manner.

Shirai: Clarifying the succession plan is one of the Nomination Committee's most important responsibilities. Excellence as a functional specialist does not automatically translate into excellence as a business leader. We therefore continue to discuss talent requirements, including the development processes and experiences that are needed. The percentage of females in senior management at Brother still falls well short of the policy goals for women's empowerment and gender equality set forth by the Cabinet Office, making it an urgent priority to expand diversity within our leadership talent pool. I strongly identify with the message, "Now, I take it on," which was featured in the commercial Brother produced as an Official Supporter of the Asian Games. As an organization that put forward this message, we must embody those words ourselves. We are looking for leaders who are willing to take on change and challenges with courage and determination.



Governance

Board of Directors (As of June 24, 2026)

Board of Directors, Corporate Auditors and Executive Officers | Director's Skill Matrix and Reasons for Their Appointment



Kazufumi Ikeda
(63 years old)
Representative Director & President
Chair of the Board
Nomination Committee
Compensation Committee



Tadashi Ishiguro
(66 years old)
Representative Director & Executive Vice President



Satoru Kuwabara
(63 years old)
Representative Director & Executive Vice President



Aya Shirai
(66 years old)
Outside Director
Chair of the Nomination Committee
Compensation Committee



Kazunari Uchida
(74 years old)
Outside Director
Nomination Committee
Chair of the Compensation Committee



Naoki Hidaka
(73 years old)
Outside Director
Nomination Committee
Compensation Committee



Masahiko Miyaki
(72 years old)
Outside Director
Nomination Committee
Compensation Committee



Takeshi Yamada
(63 years old)
Director / Audit & Supervisory Committee Member (Full-time)
Chair of the Audit & Supervisory Committee



Tadashi Kato
(53 years old)
Director / Audit & Supervisory Committee Member (Full-time)



Akira Yamada
(73 years old)
Outside Director / Audit & Supervisory Committee Member



Chika Matsumoto
(65 years old)
Outside Director / Audit & Supervisory Committee Member



Ikuko Akamatsu
(58 years old)
Outside Director / Audit & Supervisory Committee Member

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 relationships of trust 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.

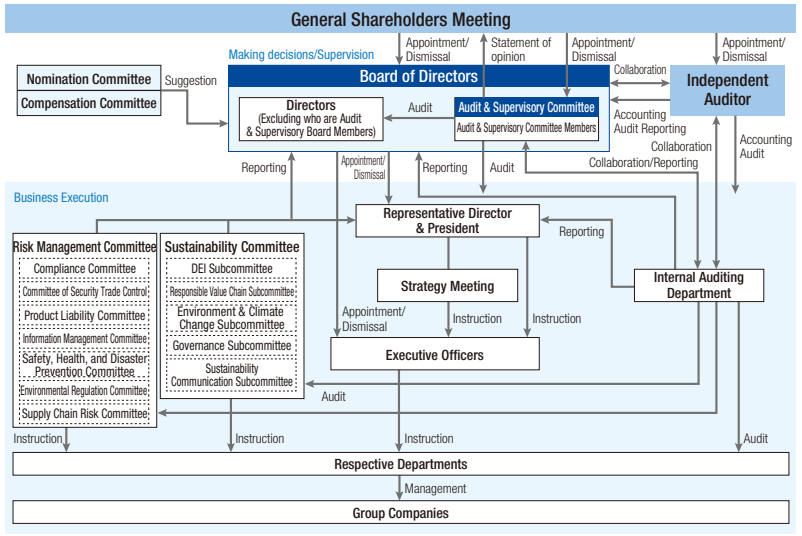
Brother Group Basic Policies on Corporate Governance
Changes in Corporate Governance

Corporate Governance Structure

Following approval at the 134th ordinary general meeting of shareholders on June 24, 2026, BIL transitioned to a company with an Audit & Supervisory Committee. BIL identifies "Supporting value creation through governance" as one of its materialities and has also set "Governance reform to support business portfolio transformation" as a sustainability target in its medium-term business strategy. In this context, by transitioning to a company with an Audit & Supervisory Committee, the members of the Audit & Supervisory Committee, who are responsible for auditing and supervising the execution of duties by Directors, participate in the Board of Directors as voting members. This further enhances the supervisory function of the Board of Directors while promoting multifaceted deliberations on important management matters, thereby strengthening the corporate governance structure.

Also, in order to enhance 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.

Governance Structure (As of June 24, 2026)



Institution	Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee
No. of Meetings Held (FY2025)	13 times	12 times	7 times	7 times

Board of Directors

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

The Audit & Supervisory Committee Members have high levels of expertise in fields such as law and accounting and follow the audit standards established by the Audit & Supervisory Committee. They mainly conduct the audit activities listed below, audit and supervise the Directors' execution of duties, and conduct audits widely on the 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 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 must deliberate on the agenda of the general meeting of shareholders concerning appointment or removal of Directors and the agenda of the Board of Directors concerning appointment or removal of executive officers in a fair, transparent, and strict manner before the agenda concerned are finalized, and report the outcome to the Board of Directors. The Nomination Committee also reports on matters such as succession planning for the President and other top management to the Board of Directors.

The Compensation Committee must discuss the contents of the Company rules concerning the standard for calculating remuneration for Directors and executive officers, and the contents of the respective remuneration of respective individuals, and report the outcome to the Board of Directors.

Corporate Governance Structure

Governance

Corporate Governance

Independent Outside Officers

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. The Company's Outside Directors 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 that all Outside Directors are independent officers as specified by both exchanges.

Independence Standards for Outside Directors

Reason for Selection

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 specialized fields alone.

Skills Matrix and Reason for Appointment

Notice of the 134th Ordinary General Meeting of Shareholders

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 these 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 annual nomination of Directors and Executive Officers.

Column

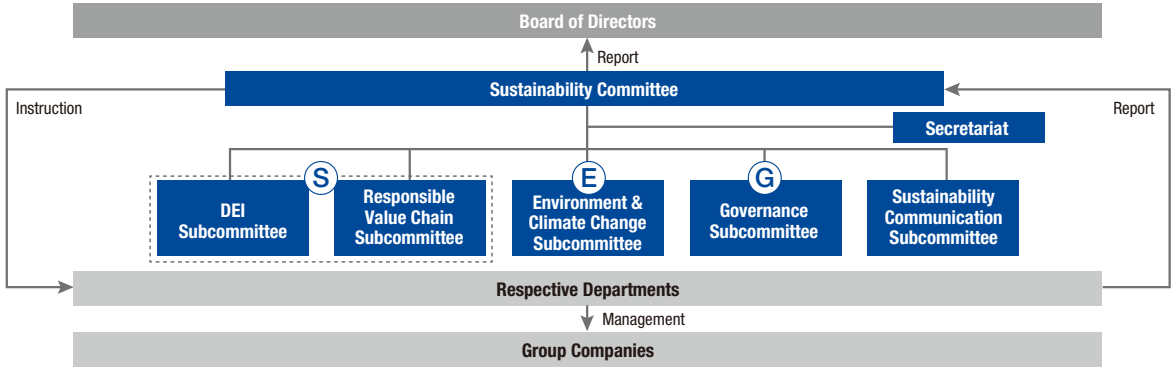
Efforts and Promotion Structure of Sustainability

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 promote management globally 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, 2026)



Key discussion points at the Sustainability Committee

Year of meeting	Number of times held	Key discussion details
FY2025	10	●Results and annual plans of each subcommittee ●Results of the employee engagement survey ●Web disclosure content in response to the Taskforce on Nature-related Financial Disclosures (TNFD) ●Roadmap for compliance with Sustainability Disclosure Standards (SSBJ Standards)

Basic Policy on Sustainability

Promotion Structure for Management with an Emphasis on Sustainability

Governance

Corporate Governance

Effectiveness of the Board of Directors

Conducting Evaluations of the Effectiveness of Directors

At BIL, the respective directors and auditors (Audit & Supervisory Committee Member effective June 24, 2026) every year evaluate the effectiveness of the Board of Directors and report the results to the Board of Directors. Based on the results of the evaluation, the Board of Directors analyzes and assesses the overall effectiveness of the Board of Directors and discloses a summary of its results in a timely and appropriate manner. The evaluation of the Board of Directors for FY2025 was conducted in February 2026 by having all Directors and Corporate Auditors answer a survey that was created based on input from an external consultant. 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 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

The evaluation results were discussed, at the meeting of the Board of Directors held in May 2026 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 evaluation of the Board of Directors, the following initiatives will be implemented in FY2026:

- Identify the priority items to be deliberated by the Board of Directors in FY2026
- Visualize the Nomination and Compensation Committees' processes
- Improve the operation of the Board of Directors

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 2025 confirmed that BIL's Board was functioning effectively overall. In response to the requests and comments on areas for improvement received through the evaluation of the Board of Directors, the following measures were taken in FY2025:

- Confirm the progress of the medium-term business strategy's priority themes
- Continue to provide the necessary information for management decisions
- Provide opportunities for dialogue with the executive side
- Provide appropriate information concerning the actual state of business execution and businesses, such as business presentations and factory visits.

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 (excluding Directors who are Audit & Supervisory Committee Members) 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 part-time 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 cash)

Full-time Directors who do not concurrently serve as executive Directors (excluding Outside Directors) are paid only basic remuneration and stock-based remuneration. 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 ensured 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 Directors who are Audit & Supervisory Committee Members comprises only basic remuneration, which is fixed-amount remuneration, and is prescribed in the Audit & Supervisory Committee Member Remuneration Rules established by the Audit & Supervisory Committee.

Amounts and Calculation Methods of Officer Remuneration

Governance

Risk Management / Compliance

Approach to Risk Management

The Brother Group aims to be a company that is trusted by all its stakeholders with the goal of achieving sustainable growth. Given that the creation of customer value is envisioned in "At your side 2030," our Group Vision, we recognize potential factors that may impede the creation of customer value as risks and appropriately manage those risks to enhance our ability to realize the Group Vision.

Risk Management Promotion System

To reduce the risks of serious impacts on its management, the Brother Group has established the Risk Management Committee chaired by the Representative Director & President and created a comprehensive risk management system based on the Brother Group Risk Management Regulations. Each organization and subsidiary within the Group understands the risks and the probability of their realization and implements measures to avoid such risks or reduce their impacts, thereby appropriately managing them, while the progress of such efforts is regularly reported to the Board of Directors.

Also, in our risk management system, the Risk Management Committee has subordinate committees dedicated to specific kinds of risks, including risks relating to compliance, product safety, import/export control, security trade control, information management, environmental laws, safety and health, disaster prevention, and the supply chain, and these committees work to identify and reduce the respective kinds of risks and respond to any realization of them under the supervisory responsibility of the Representative Director & President (or a designated executive officer).

* Risks relating to compliance, product safety, import/export control, security trade control, information management, environmental laws, safety and health, disaster prevention, and the supply chain.

Clarification of Evaluation and Responses

For business risks, we have created systems for evaluating and responding to risks under the leadership of risk response officers in each organization and subsidiary in the Group. For material risks faced by the Group as a whole, the Risk Management Committee manages the progress of risk evaluation and response efforts. Specifically, every fiscal year, the Committee instructs each organization and subsidiary in the Group to prepare risk evaluation sheets. After those sheets are submitted, the Risk Management Committee aggregates the information provided therein and uses it to assess each risk according to its level of impact and likelihood and calculates the weight to be added to each risk, thereby identifying critical risks to the Group. The Committee then instructs the risk response officer at each organization and subsidiary in the Group to adopt countermeasures against each risk and monitor the situation.

Clarification of Evaluation and Responses | Risks and Their Countermeasures

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 a Compliance Committee to build a compliance promotion structure aimed at preventing misconduct within the Brother Group, ensuring prompt action when issues arise, and preventing their recurrence. In particular, if a compliance risk that could have a significant impact on the management of the Group is realized or predicted, the case will be immediately reported to the BIL Compliance Committee Secretariat, and an investigation will be initiated. The progress of the entire range of countermeasures against such serious cases, from corrective action to preventive measures against recurrence, is managed by the BIL Compliance Committee and reported to the BIL Risk Management Committee, Audit & Supervisory Committee, and Board of Directors in a timely manner. In addition, compliance issues and whistleblowing incidents that occur within the Brother Group are periodically reported to the BIL Compliance Committee. We therefore centralize information to control compliance promotion throughout the Brother Group.

Brother Group Global Policy for Helpline for Compliance Issues

To improve each Group company's ability to govern itself and mitigate reputation risks entailed by reports to external parties, the Brother Group has formulated the Brother Group Global Policy for Helpline for Compliance Issues and Group regulations based on that policy. Therefore, each Brother Group company has in place a system for compliance consultation and reporting.

Brother Group Global Policy for Helpline for Compliance Issues

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

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of cases handled	90	85	120	112	112
(Breakdown: BIL)	11	11	22	16	18
(Breakdown: Group companies in Japan)	56	47	51	58	42
(Breakdown: Group companies outside Japan)	23	27	47	38	52

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, and in consideration of these 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.

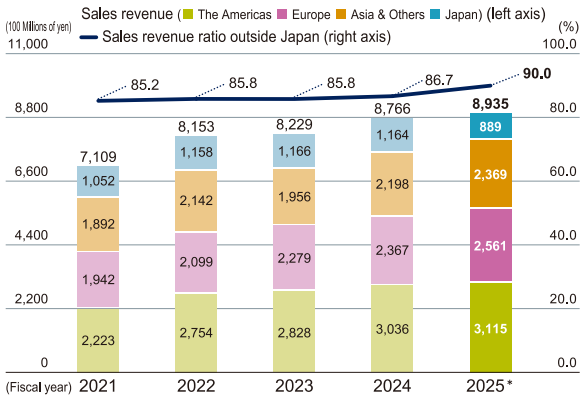
From FY2018, when the survey was initiated, to FY2025, there were no terminations for corruption in Japan, no corruption-related fines, and no penalties. Also, BIL's political contributions were zero.

Anti-Corruption Measures

Financial Section

Financial Indicators

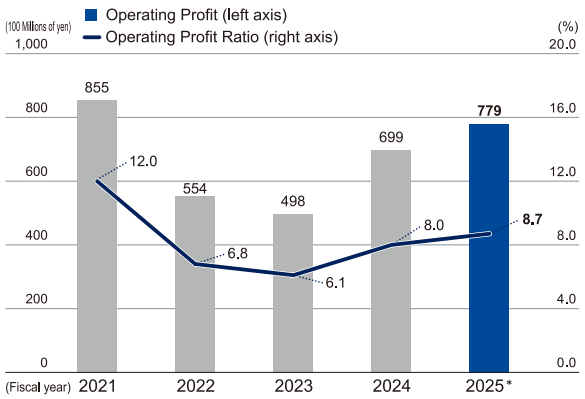
Sales Revenue / Sales Revenue Ratio Outside Japan*



Sales of hardware and consumables in the P&S Business, as well as Industrial Equipment in the Machinery Business, performed strongly. Supported by favorable foreign exchange rates, sales revenue achieved a new record high.

* Excluding the N&C Business

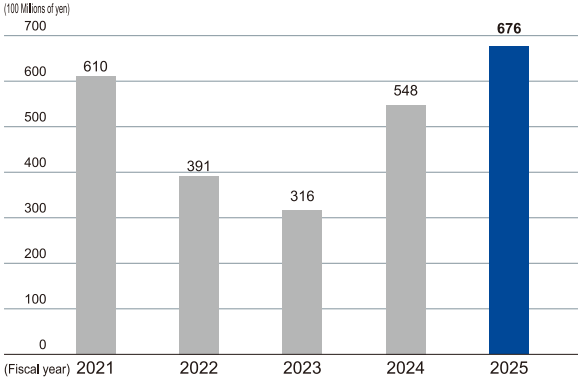
Operating Profit / Operating Profit Ratio*



Operating profit was boosted by price adjustments in the P&S Business and higher sales of Industrial Equipment. Despite recording foreign exchange losses, profit increased supported by gains on business transfers.

* Excluding the N&C Business

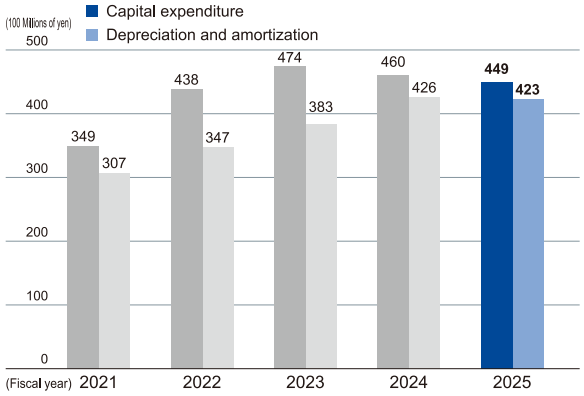
Profit for the Period Attributable to Owners of the Parent Company*1



Profit for the year reached a new record high, supported by tax effect adjustments related to discontinued operations*2.

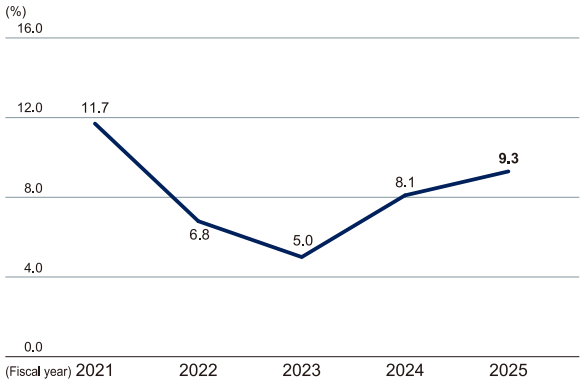
*1 Including profit for the year from discontinued operations *2 N&C Business

Capital Expenditure / Depreciation and Amortization



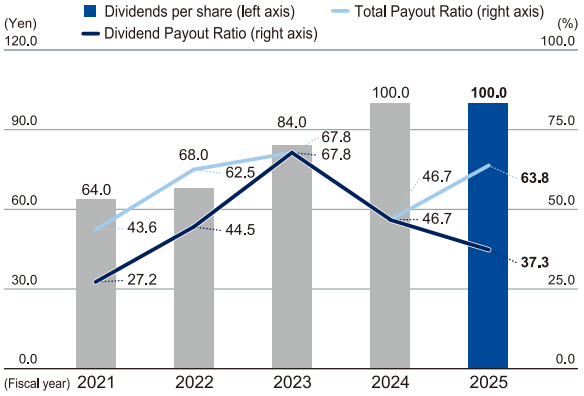
We steadily made capital investments aimed at growth, focusing on manufacturing facilities and equipment.

ROE



ROE improved from the previous fiscal year, reaching 9.3% in FY2025. We aim to achieve profitability that exceeds the cost of shareholders' equity by enhancing capital efficiency.

Dividends per Share / Dividend Payout Ratio / Total Payout Ratio

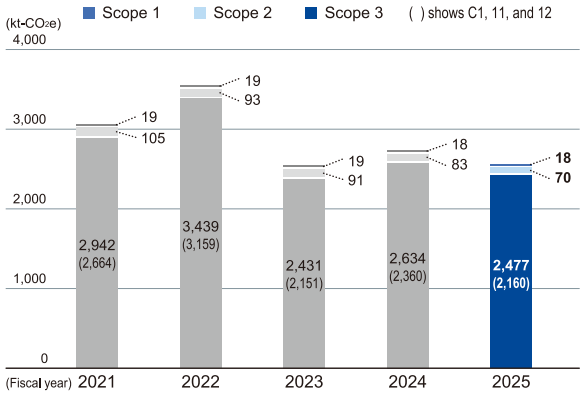


Under our policy of stable and continuous shareholder returns, we maintained the annual dividend per share at 100 yen.

Financial Section

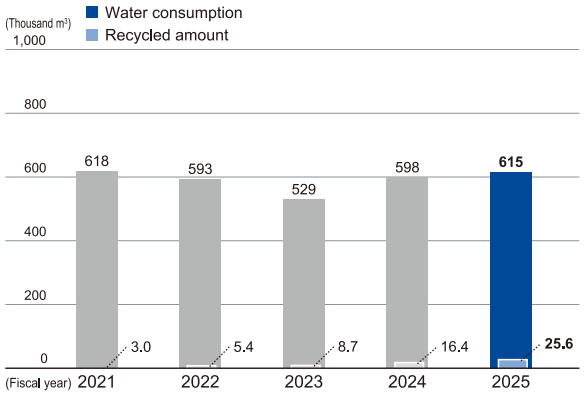
Non-financial Indicators

CO_2 Emissions (Scopes 1, 2, and 3)



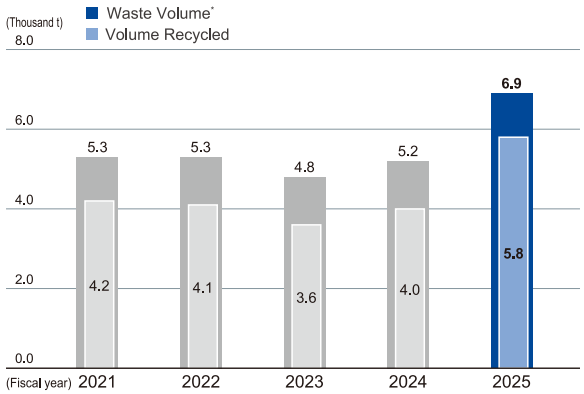
The FY2030 medium-term target for CO_2 emissions is 70,000t-CO_2e, a 65% reduction from FY2015 for Scopes 1 and 2, and 2,259,000t-CO_2e, a 28.5% reduction from FY2022 for Scope 3 (C 1, 11, 12).

Water Consumption / Amount of Recycling



In FY2025, water withdrawal at the Brother Group's main business sites totaled 615,133m^3 , of which 25,571m^3 was recycled.

Waste Volume / Volume Recycled at Design, Development and Manufacturing Facilities

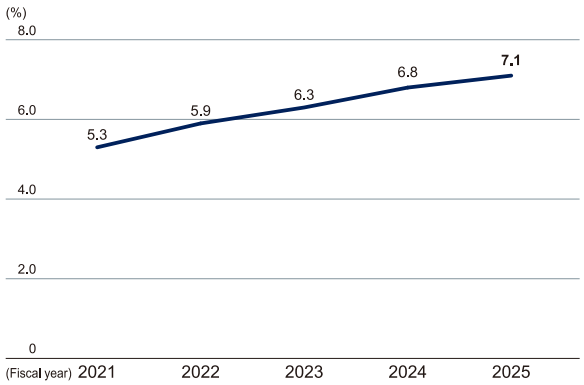


In FY2025, the waste volume at the Brother Group's design, development and manufacturing facilities was 6,907t, of which 5,793t was recycled.

* Calculated excluding waste materials with commercial value

Percentage of Females in Senior Management*

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

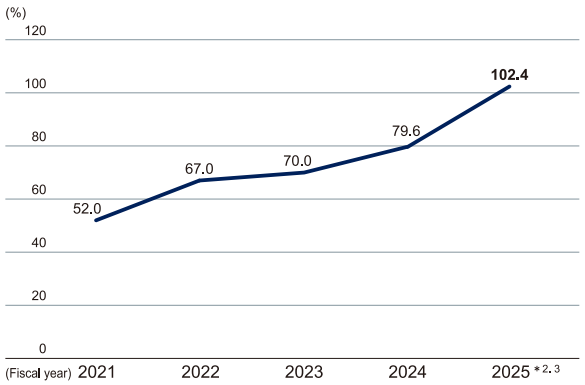


The number of female employees is approximately 20% of the total. The number of female managers has steadily increased as a result of setting a target number of female managers and implementing various measures to encourage career development.

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

Percentage of Male Employees Taking Childcare Leave*1

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

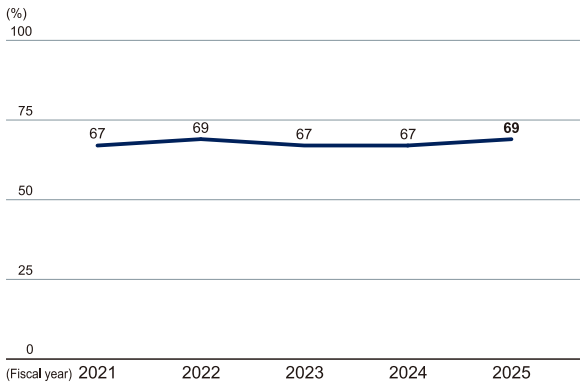


As a result of implementing various measures to achieve a set target for the percentage of male employees taking childcare leave, the percentage has increased year by year.

* 1 Does not include incoming seconded employees
* 2 From FY2025, the calculation method has been revised in accordance with the guidelines of the Ministry of Health, Labour and Welfare.
* 3 If the fiscal year in which a child is born differs from the fiscal year in which childcare leave is taken, the numerator may exceed the denominator, resulting in a rate exceeding 100%.

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 and MUTOH affiliated companies.

Financial Section

11-Year Data

Annual Securities Report

(Millions of yen)

	JGAAP*1	IFRS Reference Values	IFRS									
	FY2015	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Operating results												
Revenue / Net sales	745,888	682,119	641,185	712,997	683,972	637,259	631,812	710,938	815,269	822,930	876,558	**893,464*2**
Cost of sales	400,328	400,023	368,016	412,211	391,893	354,987	345,209	403,614	495,681	467,589	494,968	**513,480*2**
Gross profit	345,559	282,095	273,169	300,786	292,079	282,272	286,602	307,324	319,587	355,340	381,589	**379,983*2**
Selling, general, and administrative expenses	298,282	227,161	212,410	223,557	220,105	215,330	208,526	222,771	259,183	279,761	303,906	**296,351*2**
Business segment profit	—	54,934	60,759	77,229	71,973	66,942	78,076	84,552	60,404	75,579	77,683	**83,631*2**
Business segment profit ratio (%)	—	8.1	9.5	10.8	10.5	10.5	12.4	11.9	7.4	9.2	8.9	**9.4*2**
Operating profit	47,276	58,640	59,152	68,672	71,925	67,329	42,731	85,501	55,378	49,792	69,888	**77,868*2**
Operating profit ratio (%)	6.3	8.6	9.2	9.6	10.5	10.6	6.8	12.0	6.8	6.1	8.0	**8.7*2**
Ordinary profit	48,611	—	—	—	—	—	—	—	—	—	—	**—**
Profit before income taxes	49,346	57,192	61,257	69,669	72,274	67,046	42,944	86,429	56,953	52,523	74,694	**81,973*2**
Profit for the year	31,445	41,610	47,440	50,472	54,177	49,699	24,659	61,515	39,086	31,662	54,792	**67,641**
Profit for the year attributable to owners of the parent company	31,017	41,238	47,242	50,020	53,902	49,566	24,520	61,030	39,082	31,645	54,778	**67,624**
Depreciation	34,341	34,934	33,811	34,141	33,674	31,270	29,279	30,714	34,655	38,311	42,613	**42,269**
Capital expenditures	39,976	41,469	28,644	33,993	27,030	26,141	28,266	34,901	43,839	47,438	45,989	**44,876**
Research and development expenses	46,017	44,639	42,547	45,649	43,259	42,811	43,080	43,818	45,385	47,941	49,464	**50,828**
Debt to equity ratio (Times)	0.49	0.48	0.40	0.29	0.23	0.25	0.12	0.07	0.06	0.00	0.00	**0.00**
Financial position												
Total assets	667,811	675,301	674,107	708,278	708,604	731,472	743,896	811,149	850,486	896,109	932,650	**1,018,815**
Equity attributable to owners of the parent company / Net assets	339,722	333,440	345,061	395,514	424,759	428,520	483,050	561,146	596,619	668,047	691,390	**763,277**
Ratio of owners' equity to gross assets / Equity ratio (%)	48.2	49.4	51.2	55.8	59.9	58.6	64.9	69.2	70.2	74.5	74.1	**74.9**
Interest-bearing debt	158,440	158,487	137,592	116,446	96,792	107,012	57,458	40,827	37,423	600	600	**991**
Cash flows												
Net cash provided by operating activities	49,241	51,304	99,155	81,817	73,280	87,748	109,265	72,254	14,432	141,028	90,023	**111,001**
Net cash used in investing activities	(215,091)	(216,997)	(23,271)	(37,090)	(22,624)	(27,955)	(25,080)	(40,781)	(32,198)	(42,068)	(48,152)	**(42,993)**
Net cash used in financing activities	134,317	134,317	(30,389)	(34,551)	(39,040)	(14,916)	(74,038)	(65,191)	(36,638)	(61,584)	(34,609)	**(54,633)**
Cash and cash equivalents at the end of the year	66,690	67,387	112,032	121,384	131,152	168,422	191,002	167,915	119,042	166,146	172,776	**197,674**
Information per share												
Owners' equity per share (Yen)	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	**3,066.67**
Basic earnings per share for the year (Yen)	119.47	158.83	181.96	192.63	207.54	190.80	94.36	234.89	152.67	123.81	214.27	**268.10**
Diluted earnings per share for the year (Yen)	119.19	158.47	181.46	192.08	206.90	190.21	94.07	234.18	152.22	123.48	213.74	**267.47**
Price-earnings ratio (Times)	10.8	8.1	12.8	12.8	9.9	8.7	26.0	9.5	13.0	22.8	12.6	**10.7**
Dividend per share (Yen)	36	36	42	54	60	60	60	64	68	84	100	**100**
Consolidated payout ratio (%)	30.1	22.7	23.1	28.0	28.9	31.4	63.6	27.2	44.5	67.8	46.7	**37.3**
Profitability												
Return on equity (ROE) (%)	9.2	12.1	13.9	13.5	13.1	11.6	5.4	11.7	6.8	5.0	8.1	**9.3**
Return on assets (ROA) (%)	5.0	6.7	7.0	7.2	7.6	6.9	3.3	7.8	4.7	3.6	6.0	**6.9**
Major Non-Financial Indicators												
Number of Group employees	36,307	36,379	36,929	38,628	37,769	37,697	38,741	41,215	41,653	40,538	42,801	**39,495**

*1 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.

*2 As the N&C Business is a discontinued operation, it is excluded from the figure.

Corporate Information / Stock Information (As of March 31, 2026)

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 39,495 / Non-consolidated 3,997

Number of Consolidated Subsidiaries
120 companies

Entities Accounted for Using the Equity Method
7 companies

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

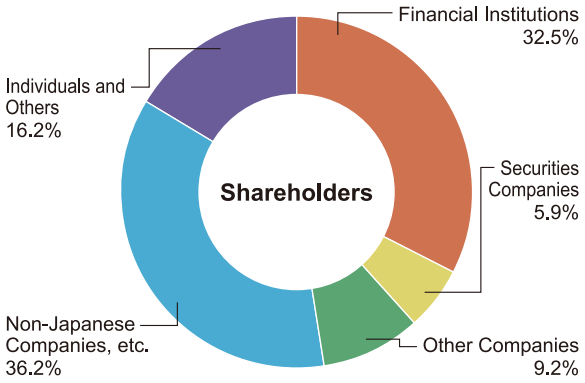
Month of the Ordinary General Meeting of Shareholders
June

Total Number of Shares Issued
257,755,930 shares

Number of Shareholders
20,200

Listed Stock Exchanges
Tokyo / Nagoya

Stock Distribution



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)	35,144	14.08
Custody Bank of Japan, Ltd. (Trust account)	13,375	5.36
State Street Bank and Trust Company 505001	12,952	5.19
Nippon Life Insurance Company	8,848	3.54
Sumitomo Mitsui Banking Corporation	4,973	1.99
Brother Employees Shareholding Plan	4,750	1.9
Sumitomo Life Insurance Company	4,499	1.8
State Street Bank and Trust Company 505103	4,105	1.64
JP Morgan Chase Bank 385781	3,435	1.38
The Bank of New York Mellon 140044	3,318	1.33

* The percentage of shares held is calculated after deducting the number of shares of treasury stock (8,124 thousand shares) from the total number of shares issued. Furthermore, treasury stock (8,124 thousand shares) does not include the number of shares of the Company held by the officer compensation BIP trust (374 thousand shares).

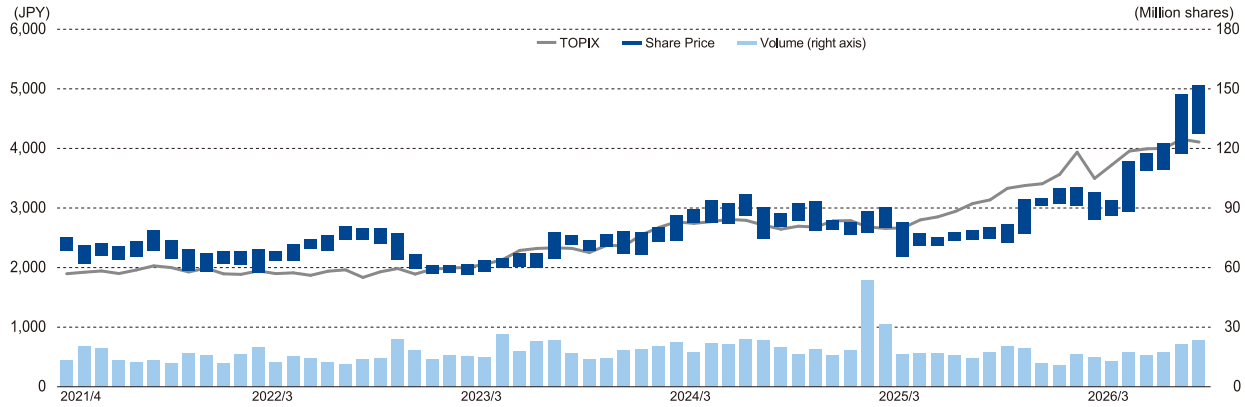
Credit Ratings

Rating and Investment Information, Inc.: A+ (As of October 6, 2026)

Evaluation by External Entities

Stock Overview (As of September 30, 2026)

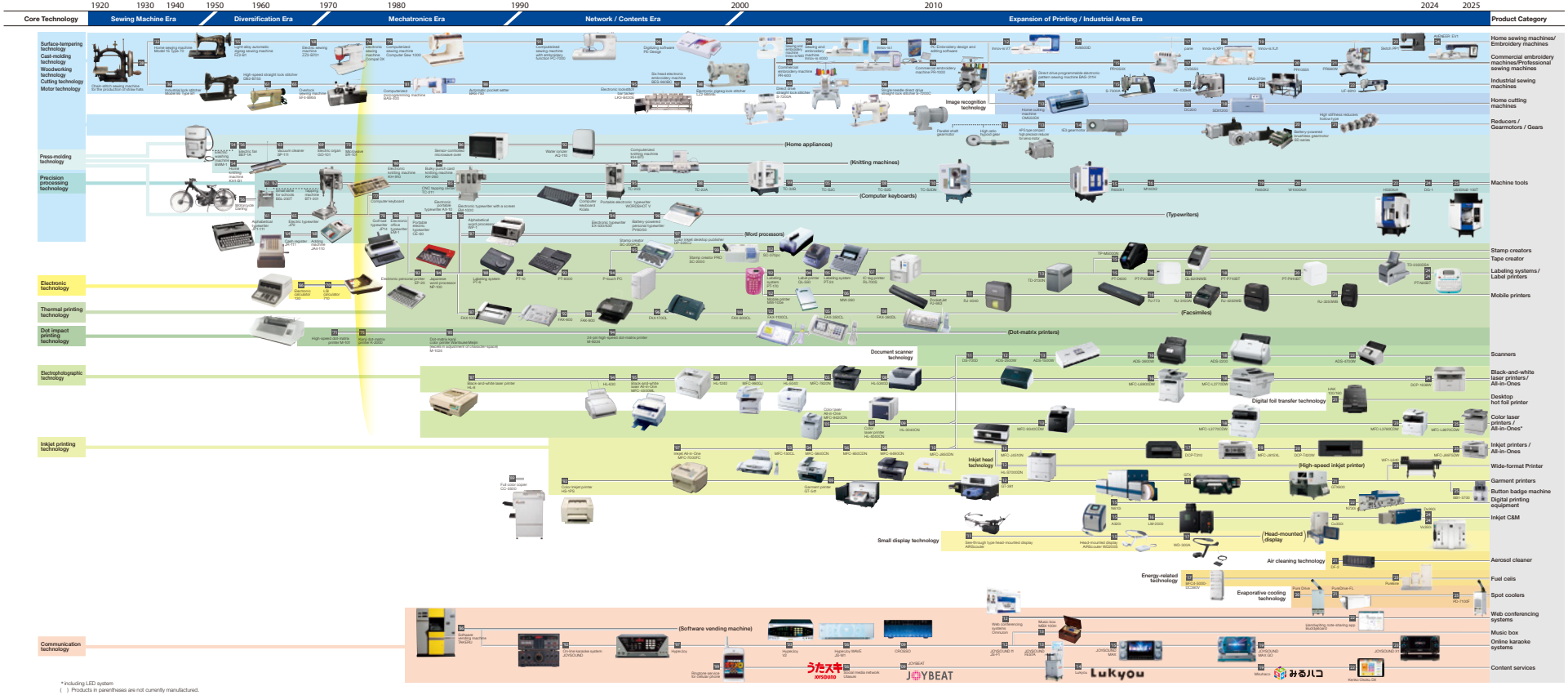
Share Price and Volume Transition



Brother Group Product and Technology Timeline

In 1908, the Brother Group started out in the sewing machine repair business, and by leveraging its product knowledge gained through sewing machine repairs, it succeeded in the mass production of domestic home sewing machines in 1932. After this, the business was diversified into typewriters and home appliances, leveraging the press-molding and precision-processing technologies gained through the development and manufacturing of sewing machines. Furthermore, by combining the motor and electronic technologies cultivated in the process, the Group has been able to provide customers with a variety of unique products for both consumers and industrial applications, including machine tools and communications and printing equipment.
The Product and Technology Timeline below presents various products and technologies that the Brother Group has delivered to date on a single page.

Brother Group Product and Technology Timeline



Corporate Information
https://global.brother/en/corporate

Investor Relations
https://global.brother/en/investor

Sustainability
https://global.brother/en/sustainability



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