Fiscal Year 2023 (ended March 31, 2024) Financial Results

May 9, 2024

Brother Industries, Ltd.

Akira Nakashima

Executive Officer, Responsible for Finance & Accounting Dept.

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

Agenda

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- ◆ **Financial Results**

Highlights

Back to Agenda

Highlights (Results for FY2023)

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Results for FY2023

- **Sales revenue** **822.9 billion yen/ +0.9% (year-on-year)**
  - ✓ Sales revenue was flat year-on-year due to positive FX effects, despite the impact of sluggish market conditions in China and Asia in the Machinery business, lower hardware sales in the P&S business, etc.
- **Business segment profit** **75.6 billion yen/ +25.1% (year-on-year)**
  - ✓ Business segment profit increased substantially due to lower logistics costs, higher consumables sales and price adjustments in the P&S business, in addition to positive FX effects, despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, etc.
- **Operating profit** **49.8 billion yen/ -10.1% (year-on-year)**
  - ✓ Operating profit decreased due to the recording of an impairment loss on a part of goodwill in the Domino business and other factors.
- **Net income*** **31.6 billion yen/ -19.0% (year-on-year)**

* Net income attributable to owners of the parent company

Results for FY2023

Sales revenue
Sales revenue increased by 0.9% year-on-year to **822.9** billion yen.
Sales revenue was flat year-on-year due to the positive impact of the weaker yen, despite the impact of sluggish market conditions in China and Asia mainly in the Machinery business and lower hardware sales in the P&S business.

Business segment profit
Business segment profit increased by 25.1% year-on-year to **75.6** billion yen.

Business segment profit increased substantially due to lower logistics costs, higher consumables sales and price adjustments in the P&S business, in addition to positive FX effects, despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, etc.

Operating profit
Operating profit decreased by 10.1% year-on-year to **49.8** billion yen.
In the Domino business, an impairment loss on a part of goodwill were recorded mainly due to the negative impact of ongoing appreciation of the British pound.

Net income attributable to owners of the parent company
Net income attributable to owners of the parent company decreased by 19.0% year-on-year to **31.6** billion yen.

Highlights (Forecast for FY2024/Shareholder returns)

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Forecast for FY2024

- **Sales revenue** **880.0 billion yen/ +6.9% (year-on-year)**
- **Business segment profit** **88.0 billion yen/ +16.4% (year-on-year)**

✓ Aiming for growth in the industrial area, mainly in the Machinery business, and maintaining profitability in the P&S business. Revenue and profit are expected to increase for the company as a whole.

✓ Continue to make prior investments for the future as outlined in the medium-term business strategy "CS B2024."

Shareholder returns

✓ Annual dividend for FY2023 of 84 yen per share (planned) (16 yen increase from the previous fiscal year)

✓ Annual dividend for FY2024 of 100 yen per share (planned) (16 yen increase from the previous fiscal year)

 5

Forecast for FY2024

Aiming for growth in the industrial area, mainly in the Machinery business, and maintaining profitability in the P&S business. Revenue and profit are expected to increase for the Company as a whole.
In FY2024, the final year of the medium-term business strategy "CS B2024," the Company will continue to make prior investments for the future.

Shareholder returns

The annual dividend for FY2023 is planned to be **84 yen** per share, up 16 yen from the previous fiscal year.
The annual dividend for FY2024 is planned to be **100 yen** per share, up 16 yen from the previous fiscal year.

Results for FY2023

Back to Agenda

Consolidated Results for FY2023

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Sales revenue was flat year-on-year due to positive FX effects.
Business segment profit increased substantially,
but operating profit and subsequent items decreased due to the recording of an impairment loss on a part of goodwill in the Domino business.

(100 Millions of Yen)

	FY22 Actual	**FY23 Actual**	Change (w/o FX)	Rate of Change (w/o FX)	Previous Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,153	**8,229**	77 (-352)	0.9% (-4.3%)	8,200	29 (-56)	0.4% (-0.7%)
Business segment profit	604	**756**	152 (57)	25.1% (9.4%)	700	56 (39)	8.0% (5.6%)
Business segment profit ratio	7.4%	**9.2%**			8.5%		
Other income/expense	-50	**-258**	-208		0	-258	
Operating profit	554	**498**	-56	-10.1%	700	-202	-28.9%
Operating profit ratio	6.8%	**6.1%**			8.5%		
Income before tax	570	**525**	-44	-7.8%	700	-175	-25.0%
Net income attribute to owners of the parent company	391	**316**	-74	-19.0%	500	-184	-36.7%
USD	134.95	**144.40**	9.45		143.03	2.14	
EUR	141.24	**156.80**	15.56		154.54	2.26	

<Ref.> FX sensitivity* (FY2023 Results)

(billions of yen)	Sales	Business Segment Profit
USD	1.5	-0.3
EUR	1.1	0.8

*Annual impact of JPY 1 change

- Gain and loss on sale of fixed assets: +2.8 billion yen
- Impairment loss on a part of goodwill in the Domino business: -28.2 billion yen

In FY2023, sales revenue increased by 7.7 billion yen from the previous fiscal year to **822.9** billion yen, mainly due to positive FX effects.

Business segment profit increased by 15.2 billion yen from the previous fiscal year to **75.6** billion yen.

Operating profit decreased by 5.6 billion yen from the previous fiscal year to **49.8** billion yen as an impairment loss on a part of goodwill were recorded in the Domino business due to the negative impact of ongoing appreciation of the British pound.

Net income attributable to owners of the parent company decreased by 7.4 billion yen to **31.6** billion yen.

Results for FY2023 by Business Segment

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(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	FY22 Actual	**FY23 Actual**	Change	FY22 Actual	**FY23 Actual**	Change	FY22 Actual	**FY23 Actual**	Change
P&S	4,967	5,149	182	371	625	254	365	610	246
Machinery	964	774	-190	95	22	-73	98	23	-75
Domino	1,008	1,096	88	56	51	-5	-58	-241	-183
Nissei	235	208	-27	19	10	-9	18	10	-8
P&H	510	505	-5	58	25	-33	59	25	-34
N&C	353	381	28	5	16	12	8	17	8
Other	116	116	0	1	6	5	64	54	-10
Total	**8,153**	**8,229**	**77**	**604**	**756**	**152**	**554**	**498**	**-56**

* "Other" includes elimination amounts from inter-segment transactions.

Here is the summary of each business segment.

Review of FY2023

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■ Review of FY2023 by Business (on a results basis excluding FX effects)

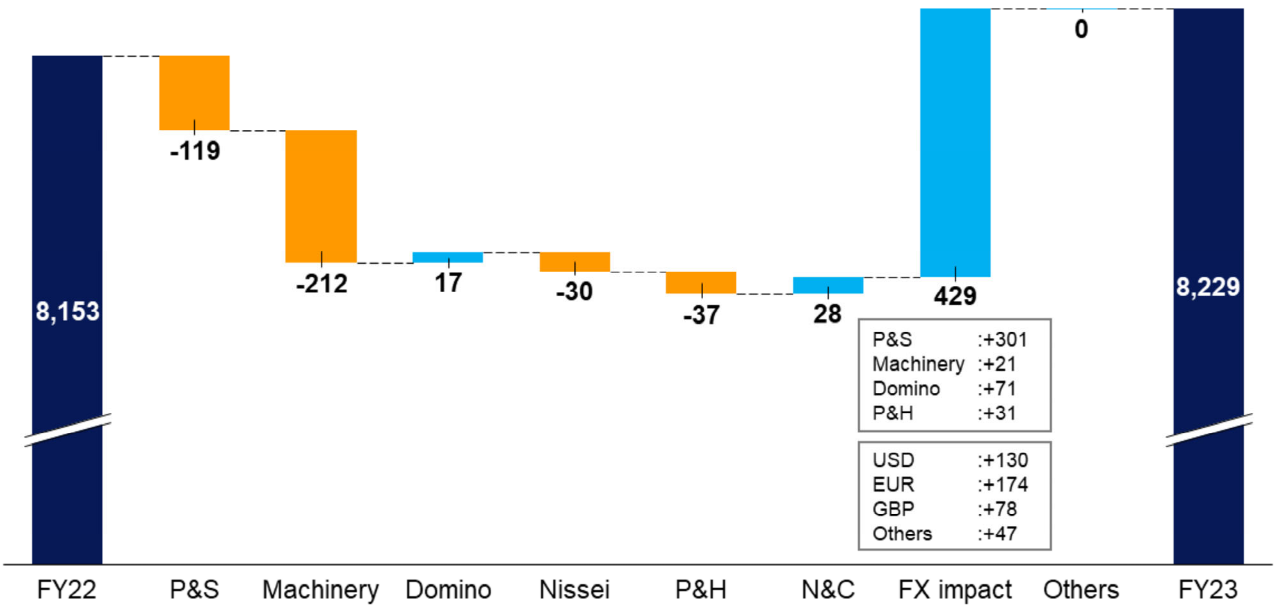
P&S	• [Communications & Printing Equipment] Sales of hardware decreased due to sluggish market conditions mainly in China, the U.S. and Europe, but sales of consumables were firm. • [Labeling] Sales of hardware were firm compared to the previous fiscal year when supply constraints resulting from a shortage of parts and materials impacted sales. • Profit increased substantially due to lower logistics costs, an increase in gross profit resulting from sales of consumables for communications and printing equipment, and positive price adjustment effects, despite higher sales promotion and SG&A costs.
Machinery	• [Machine Tools] Sales decreased sharply due to sluggish demand for capital investment mainly in China and Asia. • [Industrial Sewing Machines] Sales of garment printers increased in the Americas, but sales of industrial sewing machines decreased due to sluggish capital investment demand among apparel manufacturers in Asia. • Profit decreased substantially due to a decrease in sales.
Domino	• Revenue increased due to firm sales of consumables, despite decreased sales of hardware resulting from a softening in the demand for capital investment. • Business segment profit decreased due to increased SG&A costs, etc. resulting from reinforcement of sales activities and renewal of core business systems. • As for operating profit, an impairment loss on a part of goodwill were recorded due to the negative impact of ongoing appreciation of the British pound.
Nissei	• Revenue and profit decreased due to sluggish sales of both reducers and gears resulting from weak demand for capital investment.
P&H	• Revenue and profit decreased due to decreased sales, mainly of middle- to high-end models resulting from sluggish market conditions, mainly in the Americas.
N&C	• Revenue and profit increased due to a recovery in customer traffic in conjunction with the classification of COVID-19 being changed to a lower level in Japan and the positive impact of launching new products.

This slide shows a review of FY2023 by business, excluding FX effects.

FY2023
Main Factors for Changes in Sales Revenue

Sales revenue was flat year-on-year due to positive FX effects, despite the impact of sluggish market conditions in China and other Asia in the Machinery business and decreased sales of hardware in the P&S business.

(100 Millions of Yen)



* Amounts of change are on a results basis excluding foreign exchange effects

These are the main factors behind the changes in sales revenue for FY2023.
The amount of change for each business is on a results basis excluding FX effects.

・P&S
[Communications & Printing Equipment] Although sales of consumables were firm, sales of hardware decreased due to sluggish market conditions mainly in China, the U.S. and Europe.
[Labeling] Sales of hardware were firm compared to the previous fiscal year when supply constraints impacted sales.
In the P&S business as a whole, revenue decreased due to the significant impact of decreased sales of hardware in communications and printing equipment.

・Machinery
[Machine Tools] Sales decreased sharply due to sluggish market conditions mainly in China and Asia.
[Industrial Sewing Machines] Sales of garment printers increased in the Americas, but sales of industrial sewing machines as a whole decreased due to continuing sluggish capital investment demand for industrial sewing machines.
In the Machinery business as a whole, revenue decreased substantially.

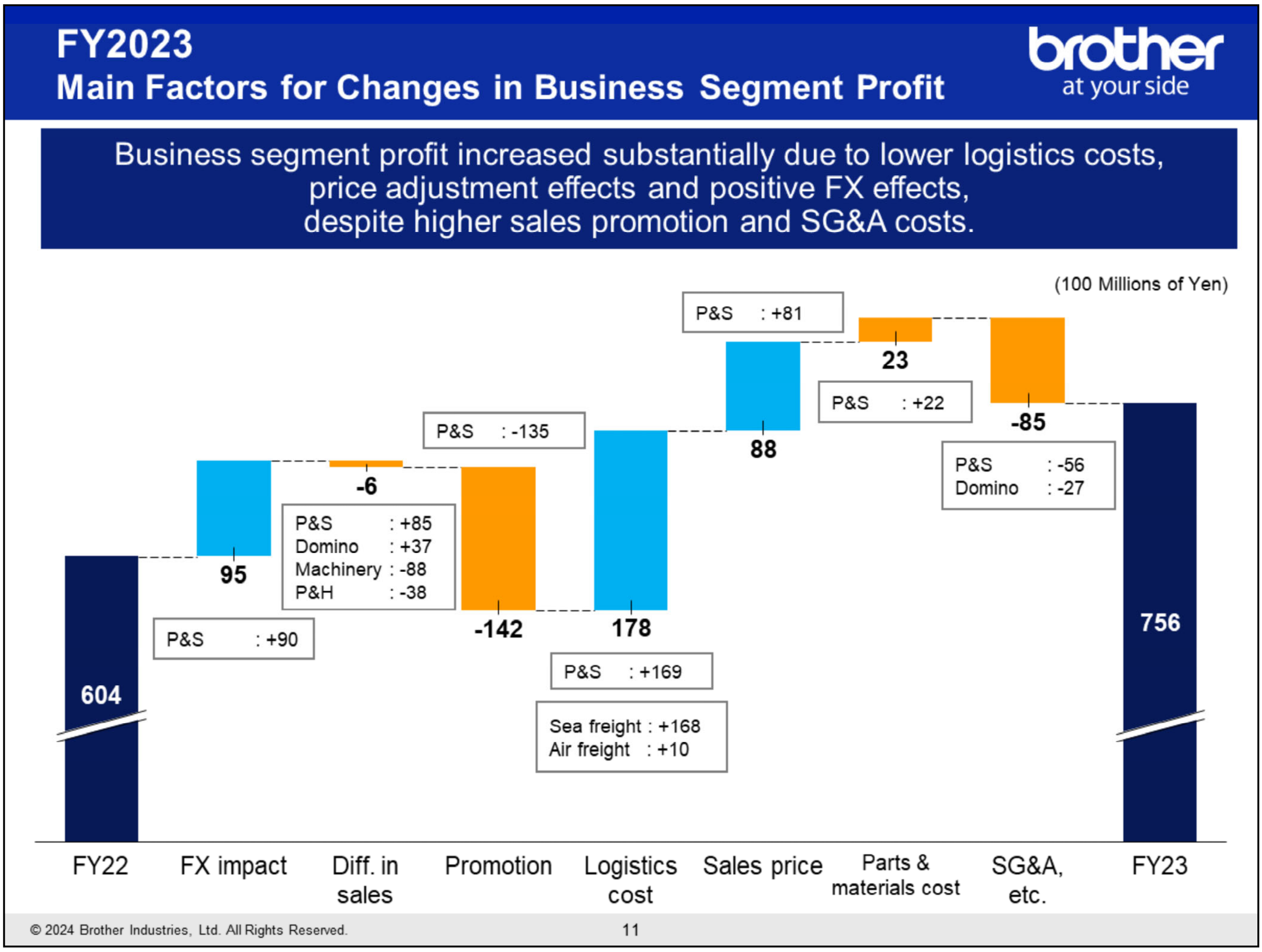
・Domino
Revenue increased due to firm sales of all consumables, despite decreased sales of hardware for both C&M and DP resulting from sluggish demand for capital investment.

・Nissei
Revenue decreased in both reducers and gears due to sluggish demand for capital investment resulting mainly from worsening market conditions in China.

・P&H
Revenue decreased due to decreased sales, mainly of middle- and high-end models resulting from sluggish market conditions, mainly in the Americas.

・N&C
Revenue increased due to a recovery in customer traffic to karaoke clubs and increased sales of karaoke machines in conjunction with the launch of new products.

As a result of these factors, combined with a positive impact of 42.9 billion yen brought about by the weaker yen, revenue increased by 7.7 billion yen to **822.9** billion yen on a company-wide basis.



These are factors contributing to increases or decreases in business segment profit.

・FX impact
Foreign exchange effects were positive, mainly in the P&S business.

・Differences in sales
Although increased sales of consumables in the P&S business contributed to business segment profit, decreased sales of machine tools in the Machinery business had a negative impact.

・Promotion expenses
Promotion expenses, mainly in the P&S business, increased as a result of the return of a competitive environment with the resolution of supply constraints in each company.

・Logistics costs
Logistics costs decreased, mainly in the P&S business, due to a stabilization of rising sea freight costs.

・Sales price
There were effects from price adjustments, mainly in the P&S business.

・Parts & materials costs
Parts & materials costs decreased, mainly in the P&S business, due to a stabilization of rising parts & materials costs.

・SG&A costs
SG&A costs increased due to reinforcement of sales activities, mainly in the P&S and Domino businesses, and other factors.

As a result of these main factors, business segment profit was **75.6** billion yen, a year-on-year increase of 15.2 billion yen.

Forecast for FY2024

Back to Agenda

Preconditions for Forecast for FY2024

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■ Preconditions for forecast for FY2024 (Recognition of business environment)

(Blue indicates positive change from the previous year; red indicates negative change.)

Exchange rate precondition		1USD=145 yen, 1EUR=155 yen
Markets	P&S	[Communications & Printing Equipment] Print volume is slowly declining, and competition is intensifying with the market contraction and the recovery of each company's supply capacity. [Labeling] The Commercial & Industrial Labeling market continues to expand.
	Machinery	[Machine Tools] Market conditions are recovering every quarter, mainly in China, and the Indian market is growing. [Industrial Sewing Machines] For industrial sewing machines, demand for capital investment in apparel manufacturers is recovering, mainly in Asia. The Garment Printer market is growing, but competition is intensifying.
	Domino	C&M demand remains firm due to growing awareness of traceability.
	Nissei	Demand for capital investment is recovering slowly through the second half of FY2024.
	P&H	The decrease in demand caused by the COVID-19-related surge has been resolved, and market conditions are returning to normal
	N&C	Demand for karaoke does not fully return to the pre-COVID-19 level but remains at the level of the second half of FY2023.
Supply		In each business, constraints on supply are not factored in the assumptions.
Costs	Promotion	Sales promotion costs are increasing mainly in the P&S business accompanying reinforced sales activities for hardware and the recovery of each company's supply capacity.
	Logistics	Sea freight rates are decreasing somewhat, although the impact caused by navigation restrictions of the Suez Canal is expected.
	Parts & materials	Parts and materials costs are decreasing somewhat as the surge in parts and materials prices has subsided.
	SG&A	Expenses, mainly personnel expenses, are increasing due to the impact of inflation and strengthened sales activities.

These are the preconditions used in the forecast for FY2024.

・Exchange rates

The exchange rates used for the forecast are 145 yen to the USD and 155 yen to the EUR.

・Markets

As for the P&S business, we expect the trend of decreasing print volume and shrinking markets to continue in communications and printing equipment, resulting in a more competitive environment.

On the other hand, regarding machine tools in the Machinery business, we expect the speed of recovery of the market conditions to increase each quarter especially in China.

・Supply

In each business, constraints on supply are not factored in the assumptions.

・Costs

Logistics costs and parts and materials costs are expected to decrease from the previous year, while sales promotion and SG&A costs are expected to increase.

Forecast for FY2024

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Aiming for growth in the industrial area, mainly in the Machinery business, and maintaining profitability in the P&S business. Revenue and profit are expected to increase for the company as a whole

(100 Millions of Yen)

	FY23 Actual	FY24 Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,229	**8,800**	571 (673)	6.9% (8.2%)
Business Segment Profit	756	**880**	124 (57)	16.4% (7.5%)
Business Segment Profit Ratio	9.2%	**10.0%**		
Other income/expense	-258	**0**	258	
Operating Profit	498	**880**	382	76.7%
Operating Profit Ratio	6.1%	**10.0%**		
Income before Tax	525	**880**	355	67.5%
Net Income attribute to owners of the parent company	316	**630**	314	99.1%
USD	144.40	**145.00**	0.60	
EUR	156.80	**155.00**	-1.80	

 14

For FY2024, we expect both revenue and profit to increase due to growth in the industrial area, mainly in the Machinery business, and profitability to be maintained in the P&S business.

Sales revenue is expected to increase by 57.1 billion yen to **880** billion yen.

As for profit, we expect business segment profit to increase by 12.4 billion yen to **88** billion yen, operating profit to increase by 38.2 billion yen to **88** billion yen, and net income attributable to owners of the parent company to increase by 31.4 billion yen to **63** billion yen.

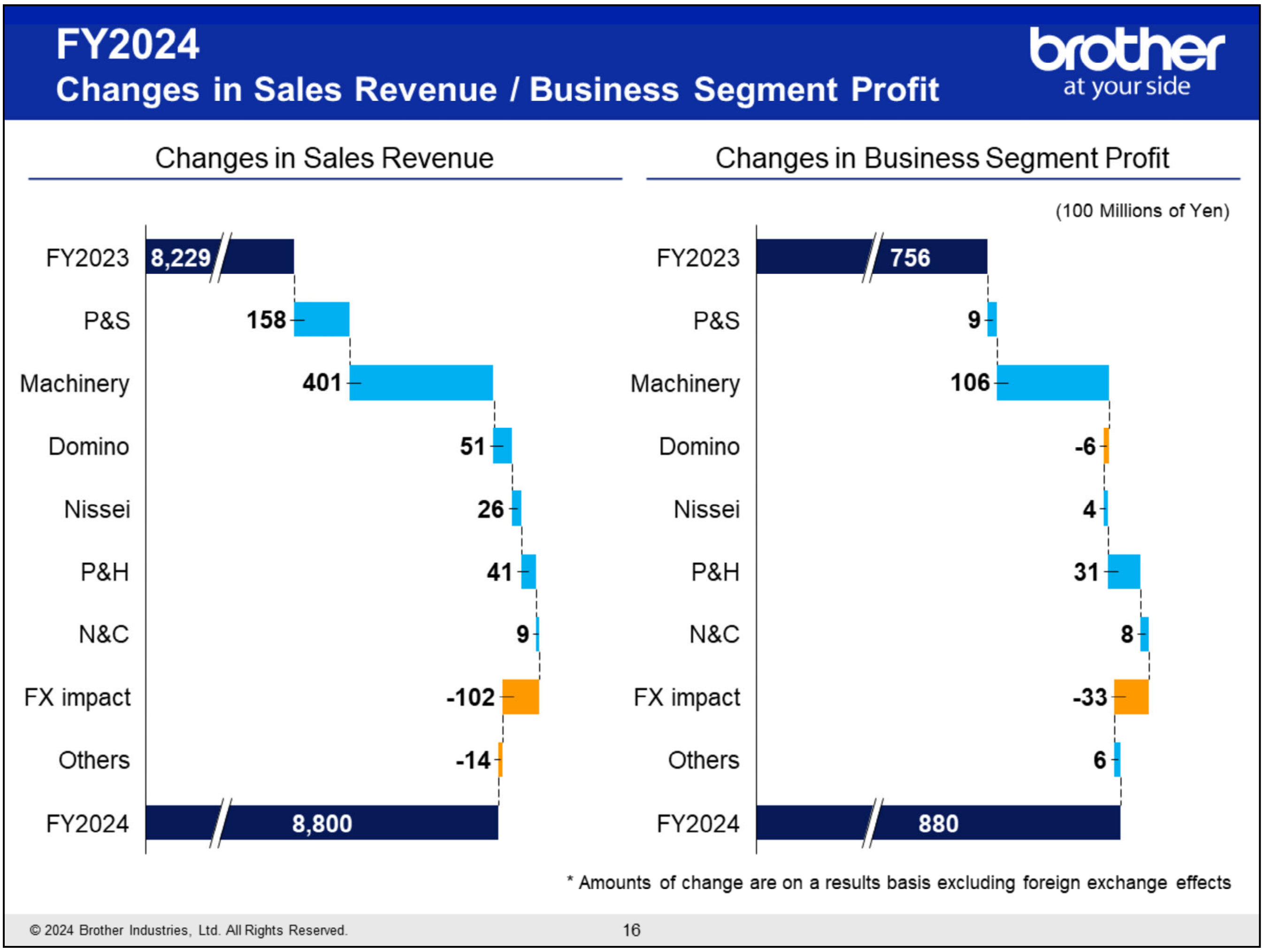
Forecast for FY2024 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business Segment Profit			Operating Profit		
	FY23 Actual	**FY24 Forecast**	Change	FY23 Actual	**FY24 Forecast**	Change	FY23 Actual	**FY24 Forecast**	Change
P&S	5,149	5,228	79	625	604	-21	610	604	-6
Machinery	774	1,171	397	22	127	105	23	127	104
Domino	1,096	1,137	41	51	45	-6	-241	45	286
Nissei	208	234	26	10	14	4	10	14	4
P&H	505	538	33	25	54	29	25	54	29
N&C	381	390	9	16	24	8	17	24	7
Other	116	102	-14	6	12	6	54	12	-42
Total	**8,229**	**8,800**	**571**	**756**	**880**	**124**	**498**	**880**	**382**

* "Other" includes elimination amounts from inter-segment transactions.

This slide shows the forecast for the full year by business segment.



These are the main factors behind the changes in sales revenue and business segment profit for FY2024. Our forecast is as follows.

・**P&S**

In communications and printing equipment, revenue is expected to increase due to reinforced sales of hardware. However, profit will remain at the previous year's level due to an increase in SG&A and sales promotion costs.

・**Machinery**

Both revenue and profit are expected to increase, mainly in machine tools, due to an expected market recovery, especially in China.

・**Domino**

Although revenue is expected to increase due to steady demand, mainly in C&M, profit will decrease due to an increase of SG&A costs in addition to the negative FX effects resulting from stronger the British pound.

・**Nissei**

Both revenue and profit are expected to increase due to gradual recovery in demand for capital investment.

・**P&H**

Revenue and profit are expected to increase due to recovery in middle- to high-end models, mainly in the U.S. and Europe, as market conditions return to normal.

・**N&C**

Revenue and profit are expected to increase due to expanded sales of new karaoke systems launched in FY2023 and stable customer traffic at karaoke clubs.

Besides the above factors, although negative FX effects are expected, we expect both revenue and profit to increase on a company-wide basis.

Financial Position/ Cash Flows/ Capital Expenditure, Depreciation & Amortization/ R&D Expense

Back to Agenda

Financial Position

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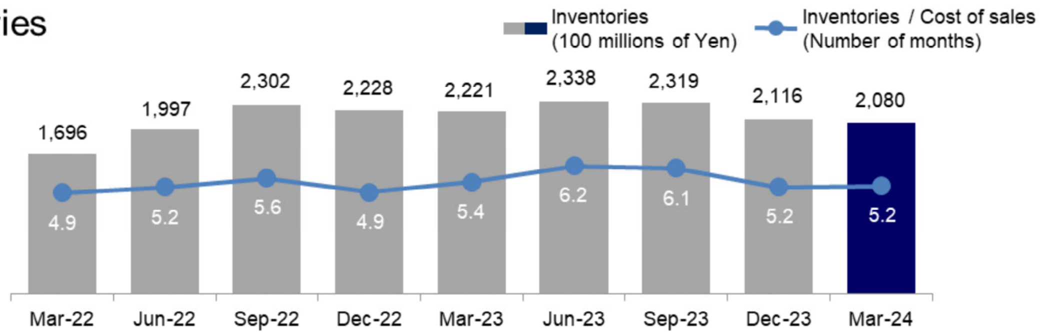
(100 Millions of Yen)

	End of Mar 23	End of Mar24	Change
Current assets	5,117	**5,419**	302
Cash&Cash equivalents	1,190	**1,661**	471
Inventories	2,221	**2,080**	-142
Non-current assets	3,387	**3,542**	155
Total liabilities	2,538	**2,280**	-258
Interest-bearing debt	374	**6**	-368
Shareholders' equity*	5,966	**6,680**	714
Total assets	8,505	**8,961**	456

*Equity attributable to owners of the parent company

	End of Mar 23	End of Mar24	Change
Net cash	816	**1,655**	839
Shareholders' equity ratio	70.2%	**74.5%**	4.4%
ROE	6.8%	**5.0%**	-1.7%

Inventories



 18

The balance sheet amounts have swelled as a whole as the yen has depreciated.

Inventories are also affected by FX, but they decreased due to production adjustments in accordance with demand.

ROE was 5.0% due to a decrease in net income, resulting mainly from the recording of an impairment loss on a part of goodwill (-28.2 billion yen) in the Domino business.

FY2023 Cash Flow Analysis

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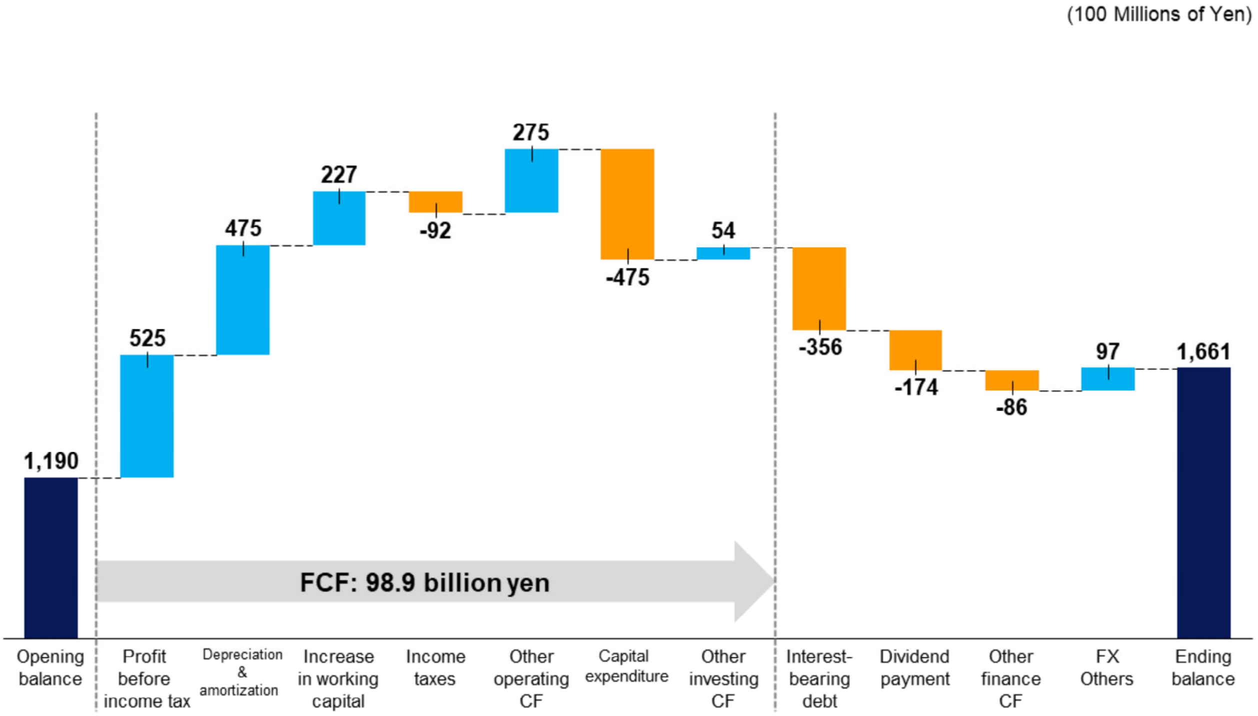

Cash and deposits increased to **166.1** billion yen, up by 47.1 billion yen from 119.0 billion yen at the beginning of the period, generating 98.9 billion yen in free cash flow.

Capital Expenditure, Depreciation and Amortization/ R&D Expenses

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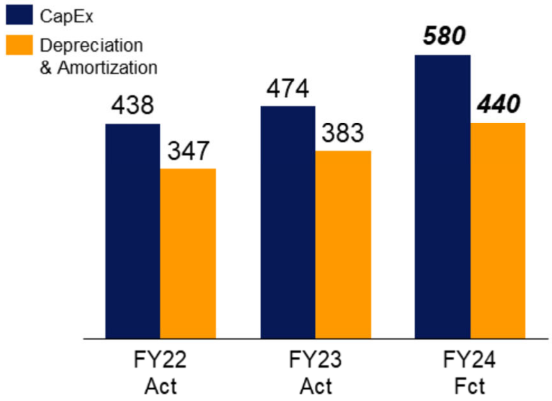
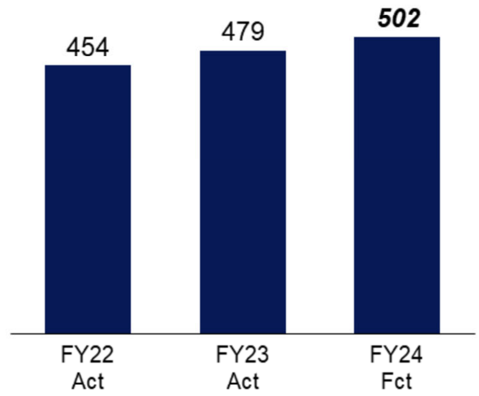
(100 Millions of Yen)

Capital Expenditure/Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY22	FY23	FY24
Industrial area	82	100	118
Consumer area & Others	356	375	462
Total	438	474	580

Breakdown by business (R&D)

	FY22	FY23	FY24
Industrial area	123	134	147
Consumer area & Others	331	346	355
Total	454	479	502

* The industrial area combines the Machinery, Domino, and Nissei businesses

 20

・**FY2023 Results**

Capital expenditures in the industrial and consumer areas combined totaled **47.4** billion yen, and R&D expenses amounted to **47.9** billion yen.

・**Forecast for FY2024**

We will continue to make prior investments for the future as stated in the medium-term business strategy “CS B2024” and expect capital expenditures of **58.0** billion yen and R&D expenses of **50.2** billion yen.

Shareholder Returns

Back to Agenda

Shareholder Returns

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Raise dividend level, based on the basic policy of shareholder returns. Annual dividend for FY2023 of 84 yen per share (16 yen increase from the previous fiscal year), and annual dividend for FY2024 of 100 yen per share (16 yen increase from the previous fiscal year).

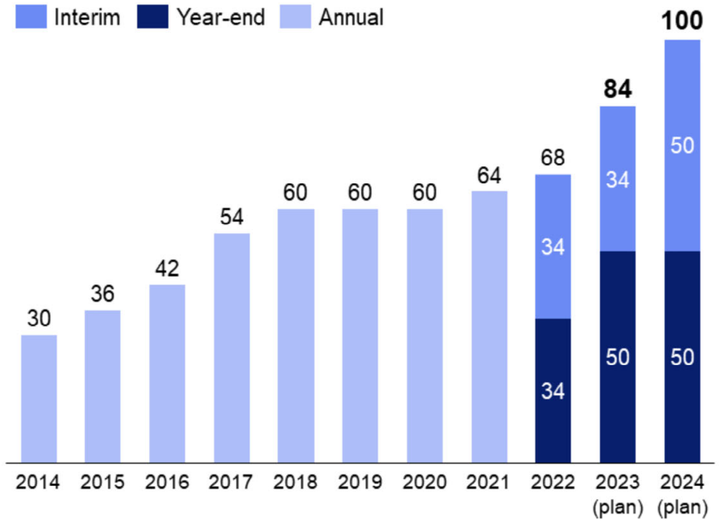
Shareholder return policy

Basic policy

Implement stable and continuous shareholder returns

- Minimum annual dividend of **68 yen** per share during period of CS B2024
- Consider additional shareholder returns, including an increase in the dividend level, depending on factors such as business performance. In addition, flexibly carry out repurchase of our own shares.

Dividend per share (yen)



*The annual dividend of 100 yen for FY2024 is equivalent to a dividend payout ratio of 40%.

This slide describes shareholder returns.

Under the medium-term business strategy “CS B2024,” while making prior investments for the future, we will consider additional shareholder returns, including an increase in the dividend level, depending on business performance and other factors, with a minimum annual dividend level of 68 yen per share.

In addition, the Company's basic policy is to flexibly carry out repurchase of our own shares.

Based on this basic policy for returning profits to shareholders, we have raised the dividend level. The year-end dividend for FY2023 is planned to be 50 yen (previous forecast: 34 yen). Together with the interim dividend of 34 yen per share, which has already been paid, this will make the annual dividend **84** yen per share (previous forecast: 68 yen), a 16 yen increase from the previous fiscal year.

For FY2024, we plan to pay an interim and year-end dividend of 50 yen per share, resulting in an annual dividend of **100** yen per share, a 16 yen increase from the previous fiscal year.

Appendix

Back to Agenda

Results for FY2023 Q4 (Jan.-Mar., 2024)

Back to Agenda

Consolidated Results for FY2023 Q4

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Sales revenue and business segment profit increased due to positive FX effects, but operating profit and subsequent items recorded deficit due to an impairment loss on a part of goodwill recorded in the Domino business and other factors.

(100 Millions of Yen)

	22Q4	23Q4	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	2,018	**2,102**	84 (-74)	4.1% (-3.7%)
Business segment profit	84	**140**	55 (23)	65.6% (27.6%)
Business segment profit ratio	4.2%	**6.6%**		
Other income/expense	-121	**-253**	-132	
Operating profit	-36	**-113**	-77	-
Operating profit ratio	-1.8%	**-5.4%**		
Income before tax	-32	**-108**	-76	-
Net income attribute to owners of the parent company	-39	**-150**	-111	-
USD	133.26	**147.87**	14.61	
EUR	143.34	**160.90**	17.56	

- Impairment loss on a part of goodwill in the Domino business: -10.6 billion yen

- Gain and loss on sale of fixed assets: +2.8 billion yen
- Impairment loss on a part of goodwill in the Domino business: -28.2 billion yen

Sales revenue in the fourth quarter of FY2023 was **210.2** billion yen, up 8.4 billion yen from the same period of the previous fiscal year, due to the positive FX effects.

Business segment profit increased by 5.5 billion yen to **14.0** billion yen.

Operating profit decreased by 7.7 billion yen to a loss of **11.3** billion yen and net income attributable to owners of the parent company decreased by 11.1 billion yen to a loss of **15.0** billion yen mainly due to the recording of an impairment loss on a part of goodwill in the Domino business.

Results for FY2023 Q4 by Business Segment

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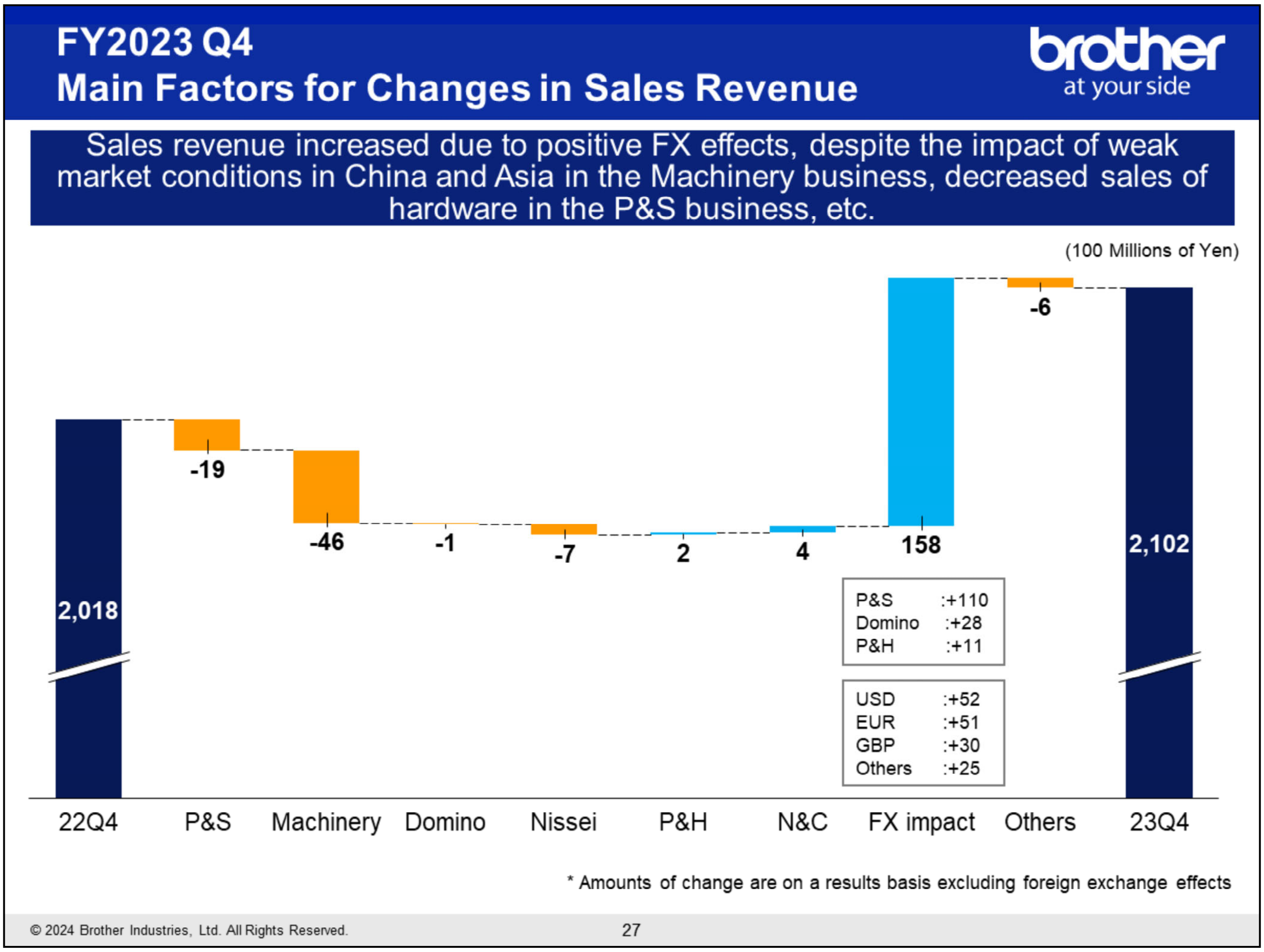
(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	22Q4	**23Q4**	Change	22Q4	**23Q4**	Change	22Q4	**23Q4**	Change
P&S	1,225	1,315	90	50	126	75	38	120	82
Machinery	233	195	-38	15	-3	-18	14	-3	-17
Domino	265	292	27	15	6	-9	-98	-279	-181
Nissei	55	50	-5	0	1	0	-1	1	2
P&H	115	127	13	10	11	1	10	12	2
N&C	92	96	4	-1	1	1	-2	-1	1
Other	33	26	-6	-6	-1	5	3	37	34
Total	**2,018**	**2,102**	**84**	**84**	**140**	**55**	**-36**	**-113**	**-77**

* "Other" includes elimination amounts from inter-segment transactions.

This slide shows results in each business segment.



These are the factors contributing to increases or decreases in sales revenue in the fourth quarter of FY2023.

・P&S
In both communications and printing equipment and labeling, sales of consumables remained firm, but sales of hardware decreased due to sluggish market conditions, resulting in decreased sales revenue.

・Machinery
Sales revenue decreased mainly due to the effects of the delayed market recovery in China and Asia on machine tools.

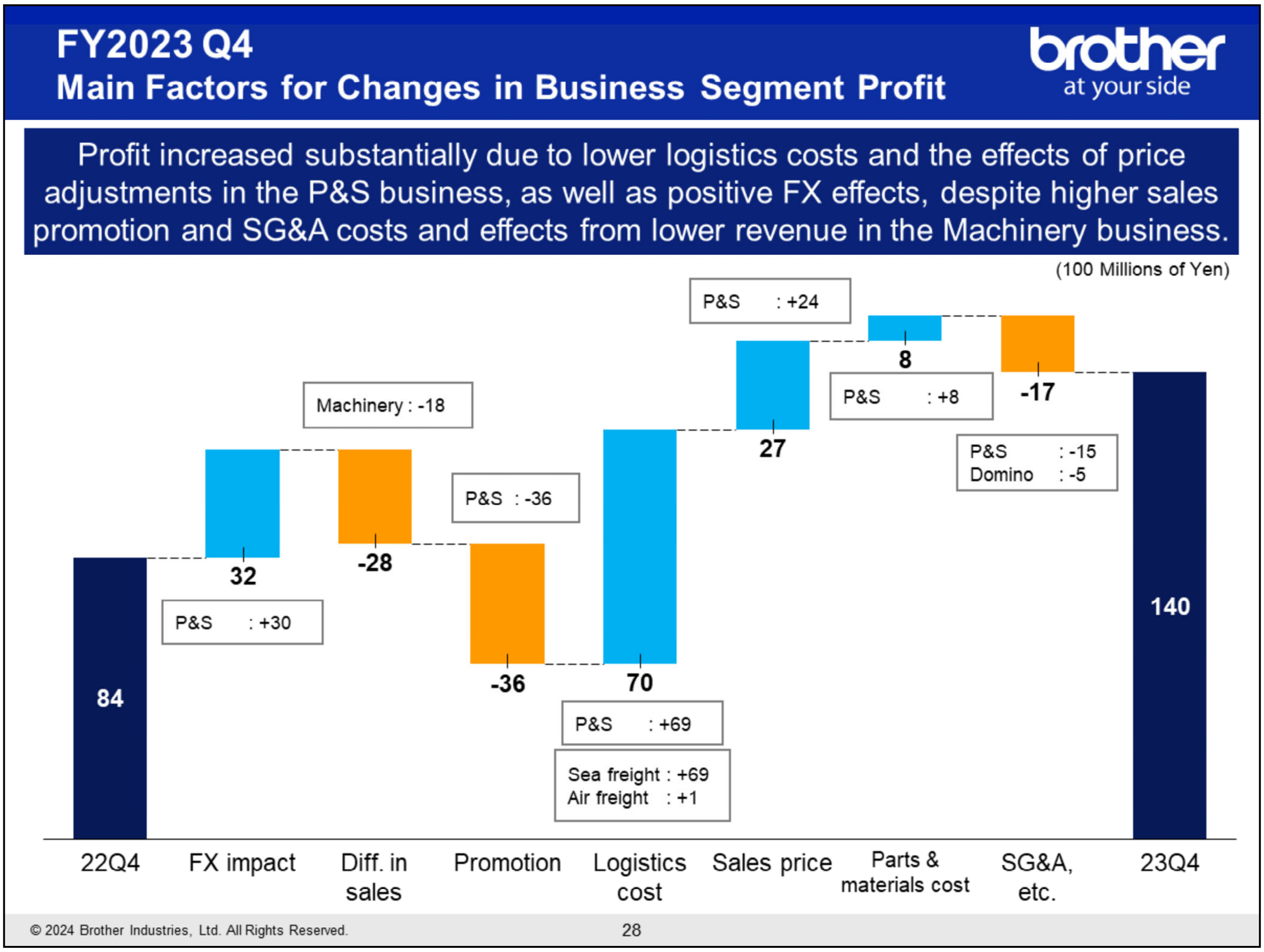
・Domino
Sales of consumables were steady, but demand for capital investment softened and sales decreased, resulting in sales revenue being flat year-on-year.

・Nissei
Sales revenue for both reducers and gears decreased due the continuing impact of sluggish market conditions, mainly in China.

・P&H
Sales in all regions except the Americas remained steady, resulting in sales revenue being flat year-on-year.

・N&C
Sales revenue increased due to a recovery in customer traffic to karaoke clubs and increased sales of karaoke systems in conjunction with the launching of new products.

As a result of these factors, in addition to the positive FX effects of 15.8 billion yen resulting from the weaker yen, company-wide sales revenue increased by 8.4 billion yen to **210.2** billion yen.



These are the factors contributing to increases or decreases in business segment profit.

・**FX impact**
Foreign exchange effects were positive, mainly in the P&S business.

・**Differences in sales**
Decreased sales of machine tools in the Machinery business, contributed to the differences.

・**Promotion expenses**
Promotion expenses, mainly in the P&S business, increased as a result of the return of a competitive environment with the resolution of supply constraints in each company.

・**Logistics costs**
Logistics costs decreased substantially, mainly in the P&S business, due to a stabilization of rising sea freight costs.

・**Sales price**
There were effects from price adjustments, mainly in the P&S business.

・**Parts & materials cost**
Parts & materials costs decreased, mainly in the P&S business, due to a stabilization of rising parts & materials costs.

・**SG&A costs**
SG&A costs increased as a result of the reinforcement of sales activities, mainly in the P&S and Domino businesses, and other factors.

As a result of these factors, business segment profit was **14.0** billion yen, up 5.5 billion yen compared to the same period of the previous fiscal year.

Business Segment Information
(Results for FY2023)

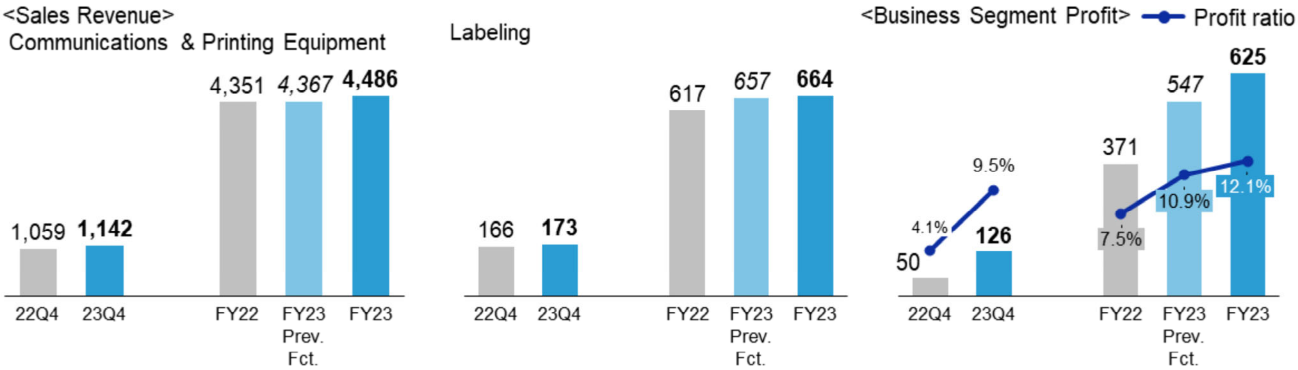
Back to Agenda

Consumer
Industrial

Printing & Solutions Sales Revenue & Profit

(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	**1,225**	**1,315**	**7.4%**	**-1.6%**	**4,967**	**5,025**	**5,149**	**3.7%**	**-2.4%**
Communications & printing equipment	**1,059**	**1,142**	**7.8%**	**-1.2%**	**4,351**	**4,367**	**4,486**	**3.1%**	**-2.9%**
Americas	421	456	8.3%	-0.3%	1,688	1,726	1,742	3.2%	-1.6%
Europe	363	383	5.5%	-6.3%	1,351	1,366	1,449	7.2%	-3.4%
Asia & others	181	199	10.0%	2.3%	847	848	866	2.2%	-1.5%
Japan (incl. OEM)	95	105	10.1%	7.4%	464	428	429	-7.6%	-9.2%
Labeling	**166**	**173**	**4.4%**	**-4.1%**	**617**	**657**	**664**	**7.7%**	**1.5%**
Americas	74	81	9.3%	0.9%	286	296	304	6.3%	1.3%
Europe	56	57	0.9%	-10.4%	186	208	208	11.5%	0.4%
Asia & others	22	22	2.1%	-4.9%	98	104	104	6.1%	2.7%
Japan	14	14	-3.8%	-	46	49	48	4.2%	-
Business segment profit	**50**	**126**	**148.8%**	**-**	**371**	**547**	**625**	**68.6%**	**-**
Operating profit	**38**	**120**	**213.7%**	**-**	**365**	**531**	**610**	**67.4%**	**-**



This slide describes results for the fourth quarter of FY2023.

In the P&S business, sales revenue in the fourth quarter was **131.5** billion yen. Growth on a local currency basis was negative 1.6 %.

・Communications & printing equipment

Sales revenue was **114.2** billion yen. Growth on a local currency basis was negative 1.2%.

Revenue increased due to positive FX effects, despite the impact of sluggish market conditions mainly in the U.S. and Europe.

The details are explained on the next page.

・Labeling

Sales revenue was **17.3** billion yen. Growth on a local currency basis was negative 4.1%.

Although sales of hardware decreased compared to the same period of the previous fiscal year, when sales to channels increased as supply constraints were settled, revenue increased due to firm sales of consumables as well as positive FX effects.

Business segment profit was **12.6** billion yen.

Despite increases in sales promotion and SG&A costs, profit increased significantly due to decreased logistics costs, the positive effects of price adjustments, and positive FX effects.

Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of Hardware

brother at your side

	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	FY21	FY22	FY23
Laser (LBP)															
Sales revenue growth rate (JPY/YoY)															
Hardware	-10%	-4%	-9%	-8%	41%	45%	42%	36%	4%	-17%	-13%	-1%	-8%	41%	-8%
Consumable	21%	15%	14%	16%	18%	-8%	0%	4%	3%	15%	11%	18%	16%	3%	11%
Sales revenue growth rate (LC/YoY)															
Hardware	-16%	-9%	-15%	-13%	25%	23%	21%	23%	-1%	-21%	-16%	-9%	-13%	23%	-13%
Consumable	12%	9%	6%	9%	7%	-20%	-13%	-6%	-3%	7%	5%	7%	9%	-8%	4%
Inkjet (IJP)															
Sales revenue growth rate (JPY/YoY)															
Hardware	90%	95%	17%	15%	18%	32%	46%	39%	5%	3%	-5%	-1%	45%	33%	0%
Consumable	11%	-6%	-3%	2%	19%	-2%	8%	13%	15%	16%	0%	5%	0%	9%	8%
Sales revenue growth rate (LC/YoY)															
Hardware	79%	87%	11%	10%	8%	16%	30%	27%	2%	-2%	-8%	-7%	38%	20%	-4%
Consumable	5%	-10%	-7%	-2%	11%	-12%	-2%	4%	9%	9%	-4%	-3%	-4%	0%	2%
Cosumable ratio	56%	57%	58%	59%	53%	47%	49%	53%	54%	53%	54%	56%	57%	51%	54%
Growth rate of hardware (Units/YoY)															
Laser (LBP)	-28%	-16%	-20%	-16%	14%	9%	3%	8%	-1%	-21%	-8%	-6%	-20%	8%	-9%
Inkjet (IJP)	65%	101%	1%	7%	8%	16%	42%	43%	4%	0%	-3%	-8%	34%	26%	-2%

 31

This slide shows the sales revenue growth rates of major printing products in the fourth quarter (local currency basis, year-on-year comparison).

The laser (LBP) sales growth was negative 9% for hardware and positive 7% for consumables. The rates for inkjet (IJP) sales were negative 7% for hardware and negative 3% for consumables.

[Hardware]

Sales of lasers decreased mainly in Europe and the U.S., affected by sluggish market conditions.

As for inkjets, sales of tank models grew in emerging markets except China, but declined in other regions.

[Consumables]

Sales of lasers remained firm in all regions.

Sales of inkjets were down, mainly in developed countries.

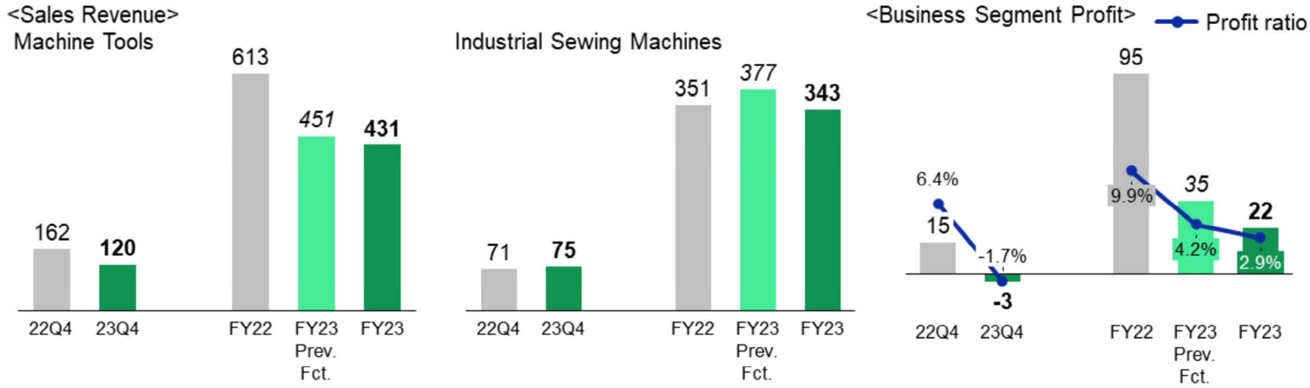
Industrial

Machinery Sales Revenue & Profit

brother at your side

(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	**233**	**195**	**-16.3%**	**-19.8%**	**964**	**828**	**774**	**-19.7%**	**-22.0%**
Machine tools	**162**	**120**	**-25.7%**	**-26.8%**	**613**	**451**	**431**	**-29.7%**	**-30.1%**
Americas	13	12	-2.9%	-	41	35	36	-10.8%	-
Europe	8	8	4.0%	-	38	36	32	-16.1%	-
Asia & others	113	67	-40.6%	-	432	254	244	-43.6%	-
Japan	28	32	14.8%	-	103	126	119	16.1%	-
Industrial sewing machines	**71**	**75**	**5.1%**	**-4.0%**	**351**	**377**	**343**	**-2.3%**	**-7.7%**
Americas	23	20	-15.5%	-24.1%	105	125	114	8.4%	3.0%
Europe	17	15	-10.9%	-20.7%	74	86	74	0.3%	-9.6%
Asia & others	27	36	35.9%	25.4%	155	146	134	-13.3%	-17.1%
Japan	5	4	-11.4%	-	17	20	20	20.6%	-
Business segment profit	**15**	**-3**	**-122.4%**	**-**	**95**	**35**	**22**	**-76.8%**	**-**
Operating profit	**14**	**-3**	**-124.8%**	**-**	**98**	**37**	**23**	**-76.6%**	**-**



In the Machinery business, sales revenue in the fourth quarter was **19.5** billion yen.

Growth on a local currency basis was negative 19.8%.

・**Machine tools**

Sales revenue was **12.0** billion yen. Growth on a local currency basis was negative 26.8%.

In China and Asia, the recovery of demand for capital investment in the automotive and general machinery markets was slower than expected, resulting in a substantial decrease in sales revenue.

・**Industrial sewing machines**

Sales revenue was **7.5** billion yen. Growth on a local currency basis was negative 4.0%.

As for industrial sewing machines, there were signs of recovery in demand for capital investment, mainly in China. However, sales of garment printers decreased, mainly due to a tougher competitive environment in the U.S. and Europe.

Sales of industrial sewing machines overall increased due to positive FX effects.

A business segment loss of **0.3** billion yen was recorded.

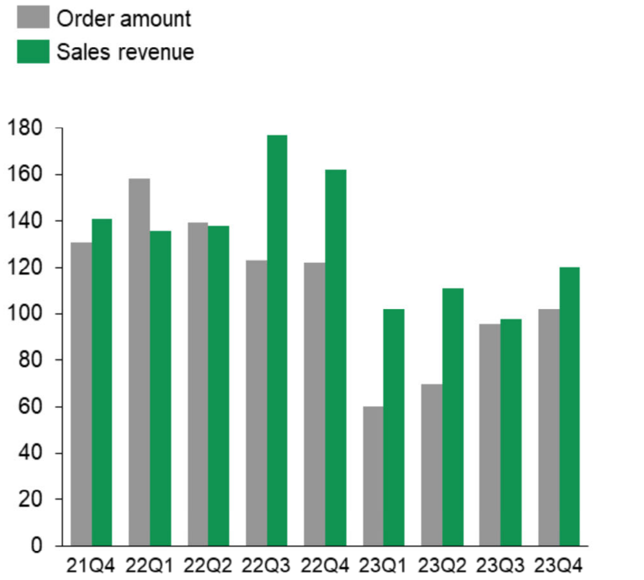
Besides decreased revenue, increased SG&A costs accompanied by strengthened sales activities for garment printers affected the results.

Machinery (Machine Tools) Order Trends

brother at your side

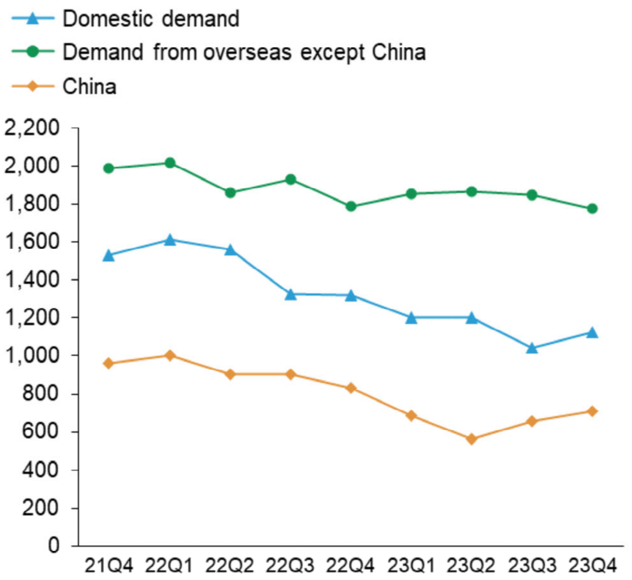
(100 Millions of Yen)

Trends in order amount and sales revenue



* Total amount of domestic and overseas orders for hardware products Overseas orders are converted into yen using the exchange rate for each quarter

(Reference) Machine tool statistics of the Japan Machine Tool Builders' Association



* Source: Major machine tool statistics of the Japan Machine Tool Builders' Association

This slide shows trends in sales revenue and order amounts by quarter.

The order amounts are the aggregate amounts of orders for hardware products from both Japan and overseas.

Although order amounts bottomed out in the first quarter of FY2023, the speed of recovery is gradual and the impact of sluggish market conditions in China is continuing.

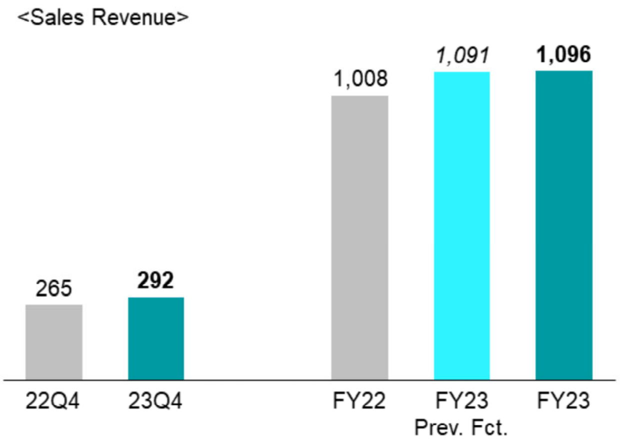
Industrial

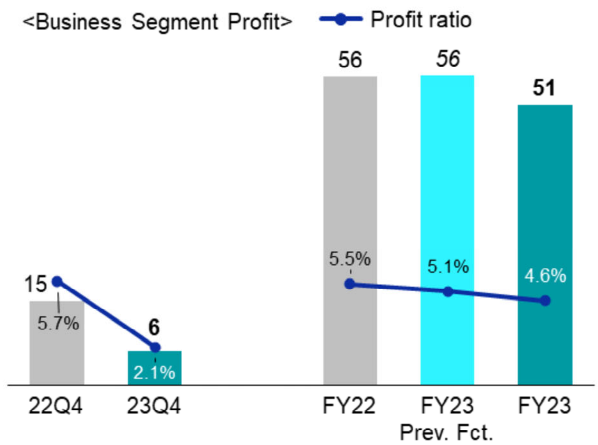
Domino
Sales Revenue & Profit

brother at your side

(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	**265**	**292**	**10.1%**	**-0.3%**	**1,008**	**1,091**	**1,096**	**8.7%**	**1.7%**
Americas	65	75	15.4%	2.8%	243	275	281	15.9%	1.2%
Europe	120	124	2.8%	-12.6%	437	471	469	7.4%	0.4%
Asia & others	70	85	22.7%	21.7%	288	306	310	7.9%	6.1%
Japan	10	8	-23.1%	-	41	39	36	-12.8%	-
Business segment profit	**15**	**6**	**-59.6%**	**-**	**56**	**56**	**51**	**-9.0%**	**-**
Operating profit	**-98**	**-279**	**-**	**-**	**-58**	**55**	**-241**	**-**	**-**





 34

In the Domino business, sales revenue in the fourth quarter was **29.2** billion yen. Growth on a local currency basis was negative 0.3%.

In the hardware business, demand for capital investment softened particularly in Europe due to effects from the economic slowdown and sales of both C&M and DP decreased.

Consumables remained firm.

Overall, revenue increased due to the positive impact of the weaker yen.

Business segment profit was **0.6** billion yen.

Business segment profit decreased significantly due to higher SG&A costs in conjunction with the reinforcement of sales activities and renewal of core business systems as well as the negative impact of appreciation of the British pound.

An operating loss of **27.9** billion yen was recorded due to the recording of an impairment loss on a part of goodwill (-28.2 billion yen) as a result of the negative impact of the ongoing appreciation of the British pound on profits, and higher discount rates reflecting rising interest rates, as well as slower-than-expected growth in the digital printing equipment market, and other factors.

Industrial

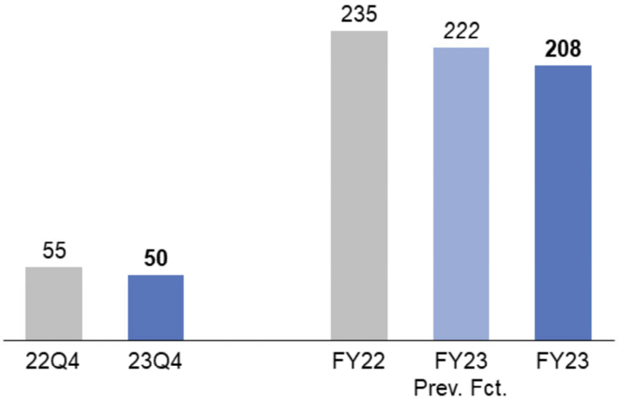
Nissei Sales Revenue & Profit

brother at your side

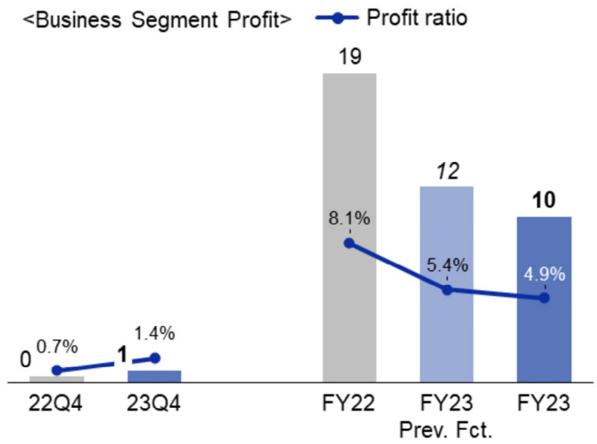
(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	**55**	**50**	**-9.9%**	**-12.4%**	**235**	**222**	**208**	**-11.3%**	**-12.8%**
Americas	9	9	-0.3%	-10.1%	38	37	33	-13.8%	-19.3%
Europe	-	-	-	-	-	-	-	-	-
Asia & others	7	7	-1.8%	-7.7%	37	36	35	-6.6%	-10.1%
Japan	39	33	-13.8%	-	160	149	141	-11.8%	-
Business segment profit	**0**	**1**	**86.7%**	**-**	**19**	**12**	**10**	**-46.4%**	**-**
Operating profit	**-1**	**1**	**-**	**-**	**18**	**13**	**10**	**-45.5%**	**-**

<Sales Revenue>



<Business Segment Profit>



 35

In the Nissei business, sales revenue in the fourth quarter was **5.0** billion yen. Growth on a local currency basis was negative 12.4%.

Revenue decreased both for reducers and gears due to the continuing impact of sluggish market conditions mainly in China.

Business segment profit was **0.1** billion yen.

Profit increased partially due to effects of curbing of SG&A costs, despite the impact of decreased revenues.

Consumer

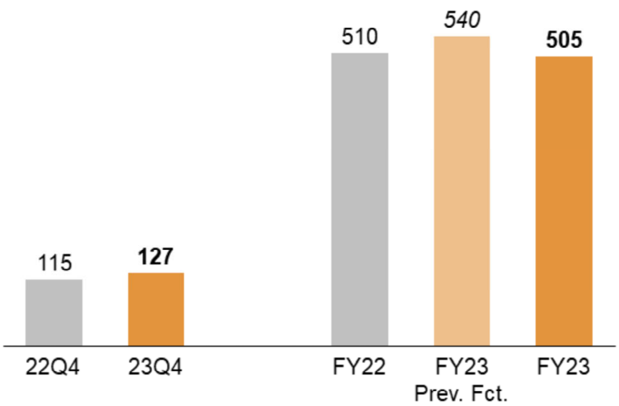
Personal & Home Sales Revenue & Profit

brother at your side

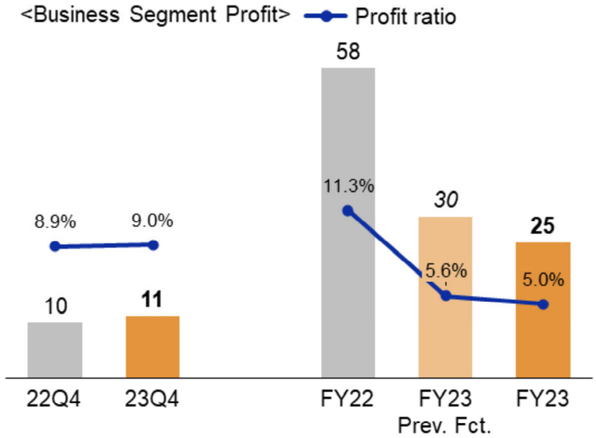
(100 Millions of Yen)

	22Q4	23Q4	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23	Change vs LY	Change w/o FX
Sales revenue	**115**	**127**	**11.2%**	**1.5%**	**510**	**540**	**505**	**-1.0%**	**-7.2%**
Americas	71	75	5.5%	-4.4%	316	335	300	-5.2%	-10.6%
Europe	25	30	21.2%	7.9%	112	122	126	12.0%	0.9%
Asia & others	10	12	19.2%	11.7%	52	54	51	-1.9%	-4.9%
Japan	9	11	18.5%	-	29	29	28	-4.5%	-
Business segment profit	**10**	**11**	**12.8%**	**-**	**58**	**30**	**25**	**-56.5%**	**-**
Operating profit	**10**	**12**	**23.9%**	**-**	**59**	**30**	**25**	**-57.6%**	**-**

<Sales Revenue>



<Business Segment Profit>



 36

In the P&H business, sales revenue in the fourth quarter was **12.7** billion yen. Growth on a local currency basis was positive 1.5%.

Although sales, mainly of middle- to high-end models, decreased due to the effect of sluggish market conditions in the U.S., sales revenue increased as a result of steady sales in other regions in addition to positive FX effects.

Business segment profit was **1.1** billion yen.

Although the product mix worsened due to decreased sales of middle- to high-end models, and SG&A and sales promotion costs increased, profit increased partially due to positive FX effects.

Consumer

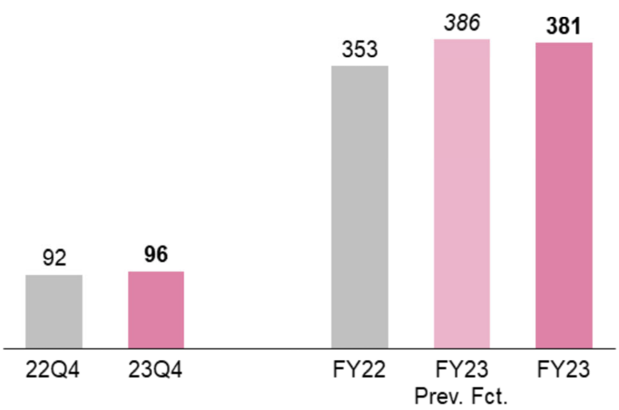
Network & Contents Sales Revenue & Profit

brother at your side

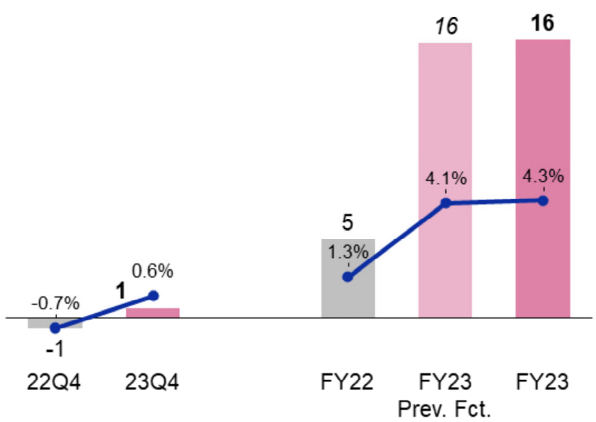
(100 Millions of Yen)

	22Q4	23Q4	Change	FY22	FY23 Prev. Fct.	FY23	Change vs LY
Sales revenue	**92**	**96**	**4.2%**	**353**	**386**	**381**	**8.1%**
Business segment profit	**-1**	**1**	**-**	**5**	**16**	**16**	**255.1%**
Operating profit	**-2**	**-1**	**-**	**8**	**16**	**17**	**103.7%**

<Sales Revenue>



<Business Segment Profit> Profit ratio



 37

In the N&C business, sales revenue in the fourth quarter was **9.6** billion yen, a year-on-year increase of 4.2%.

Revenue increased due to increased sales at karaoke clubs as a result of a recovery in customer traffic, as well as steady sales of karaoke systems as a result of the launch of new products.

Business segment profit was **0.1** billion yen.

Although SG&A costs increased in conjunction with the introduction of new products, business segment profit increased as a result of the effects of higher sales.

Business Segment Information (Forecast for FY2024)

Back to Agenda

Consumer
Industrial

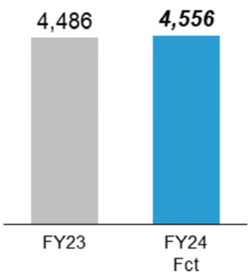
Printing & Solutions Sales Revenue & Profit

brother at your side

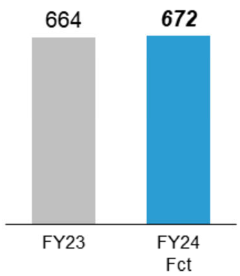
(100 Millions of Yen)

	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	**5,149**	**5,228**	**1.5%**	**3.1%**
Communications & Printing Equipment	**4,486**	**4,556**	**1.6%**	**3.1%**
Americas	1,742	1,778	2.1%	4.6%
Europe	1,449	1,434	-1.0%	0.4%
Asia & Others	866	892	3.0%	3.7%
Japan (includes OEM)	429	452	5.4%	5.4%
Labeling	**664**	**672**	**1.2%**	**2.5%**
Americas	304	303	-0.3%	1.4%
Europe	208	211	1.6%	2.9%
Asia & Others	104	106	1.6%	2.2%
Japan	48	52	8.6%	-
Business Segment Profit	**625**	**604**	**-3.4%**	**-**
Operating Profit	**610**	**604**	**-1.0%**	**-**

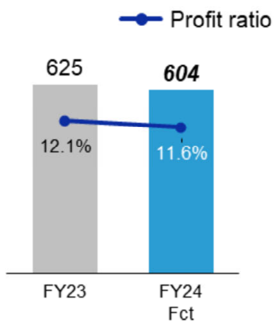
<Sales Revenue>
Communications
& Printing Equipment



Labeling



<Business Segment Profit>



The forecast for FY2024 is as follows.

Sales revenue is expected to increase due to continuing firm sales of consumables as well as reinforced sales of hardware in both communications and printing equipment and labeling.

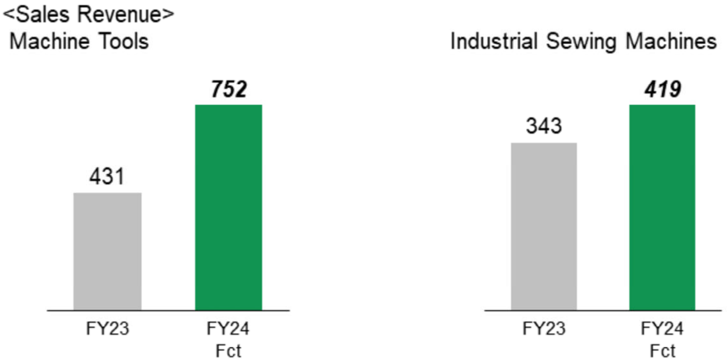
Business segment profit is expected to decrease, taking into account increased SG&A and sales promotion costs, despite the effect of increased revenue.

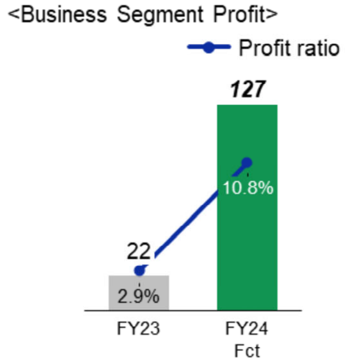
Industrial

Machinery Sales Revenue & Profit

(100 Millions of Yen)

	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	**774**	**1,171**	**51.3%**	**51.8%**
Machine Tools	**431**	**752**	**74.6%**	**74.8%**
Americas	36	53	46.5%	-
Europe	32	47	50.3%	-
Asia & Others	244	485	98.8%	-
Japan	119	167	40.0%	-
Industrial Sewing Machines	**343**	**419**	**22.2%**	**23.0%**
Americas	114	137	20.1%	21.3%
Europe	74	97	31.1%	33.1%
Asia & Others	134	166	23.3%	23.3%
Japan	20	19	-6.1%	-
Business Segment Profit	**22**	**127**	**473.8%**	**-**
Operating Profit	**23**	**127**	**451.9%**	**-**





40

Sales revenue is expected to increase for both machine tools and industrial sewing machines.

[Machine Tools] We expect capital investment demand in the automotive and general machinery markets to recover, especially in China. We aim to achieve substantial growth by leveraging our product lineup, which we have been enhancing, as well as our sales and service bases in China, India, and Japan.

[Industrial Sewing Machines] As for industrial sewing machines, we expect a recovery in capital investment demand among apparel manufacturers, especially in Asia, and will focus on sales for non-apparel products such as airbags, footwear, and bags.

As for garment printers, sales revenue is expected to increase due to reinforced sales activities, despite intensified competition.

Business segment profit is expected to increase due to effects of increased sales revenue, despite an increase in SG&A costs, etc.

Industrial

Domino / Nissei Sales Revenue & Profit

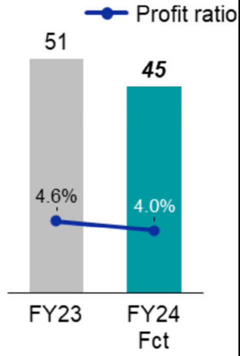
brother at your side

(100 Millions of Yen)

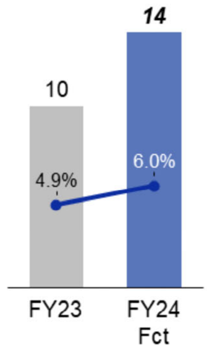
Domino	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	**1,096**	**1,137**	**3.7%**	**4.7%**
Americas	281	298	5.8%	5.8%
Europe	469	464	-1.1%	1.2%
Asia & Others	310	336	8.3%	8.3%
Japan	36	40	10.6%	-
Business Segment Profit	**51**	**45**	**-11.3%**	**-**
Operating Profit	**-241**	**45**	**-118.7%**	**-**

<Sales Revenue>

<Business Segment Profit>



Nissei	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	**208**	**234**	**12.3%**	**12.4%**
Americas	33	37	11.3%	11.4%
Europe	-	-	-	-
Asia & Others	35	38	8.3%	8.8%
Japan	141	160	13.6%	-
Business Segment Profit	**10**	**14**	**37.3%**	**-**
Operating Profit	**10**	**14**	**41.2%**	**-**



・Domino business

Sales revenue is expected to increase due to firm demand, especially in C&M. Business segment profit is expected to decrease due to the cost for renewal of core business systems on a global basis, an increase in SG&A costs resulting from enhanced sales activities, and other factors.

・Nissei business

Sales revenue is expected to increase due to a gradual recovery in capital investment demand toward the second half of the fiscal year. Business segment profit is expected to increase due to the effect of increased revenue, despite an increase in SG&A costs, etc.

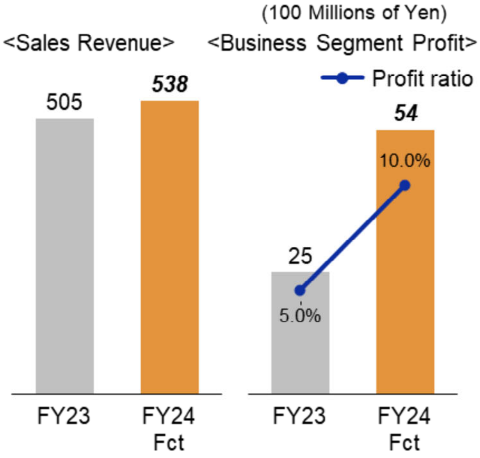
Consumer

Personal & Home / Network & Contents Sales Revenue & Profit

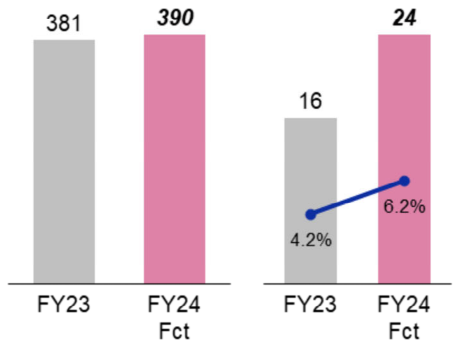
brother at your side

(100 Millions of Yen)

Personal & Home	FY23	FY24 Forecast	Change vs LY	Change w/o FX
Sales Revenue	**505**	**538**	**6.6%**	**8.1%**
Americas	300	329	9.6%	11.4%
Europe	126	126	0.2%	1.6%
Asia & Others	51	54	5.9%	6.8%
Japan	28	29	4.9%	-
Business Segment Profit	**25**	**54**	**114.6%**	**-**
Operating Profit	**25**	**54**	**117.9%**	**-**



Network & Contents	FY23	FY24 Forecast	Change vs LY
Sales Revenue	**381**	**390**	**2.4%**
Business Segment Profit	**16**	**24**	**47.9%**
Operating Profit	**17**	**24**	**44.6%**



・P&H business

Sales revenue is expected to increase due to a recovery in sales of middle- to high-end models mainly in the U.S. and Europe as the decrease in demand caused by the COVID-19-related surge has been resolved and market conditions normalize. Business segment profit is expected to increase due to an improved product mix resulting from increased sales of middle- to high-end models, despite an increase in SG&A costs.

・N&C business

Sales revenue is expected to increase due to expanded sales of new karaoke systems launched in FY2023 and stable customer traffic at karaoke clubs. Business segment profit is expected to increase due to the effect of increased revenue.

Updates on the Medium-term Business Strategy

CS B2024

Take off towards our new future

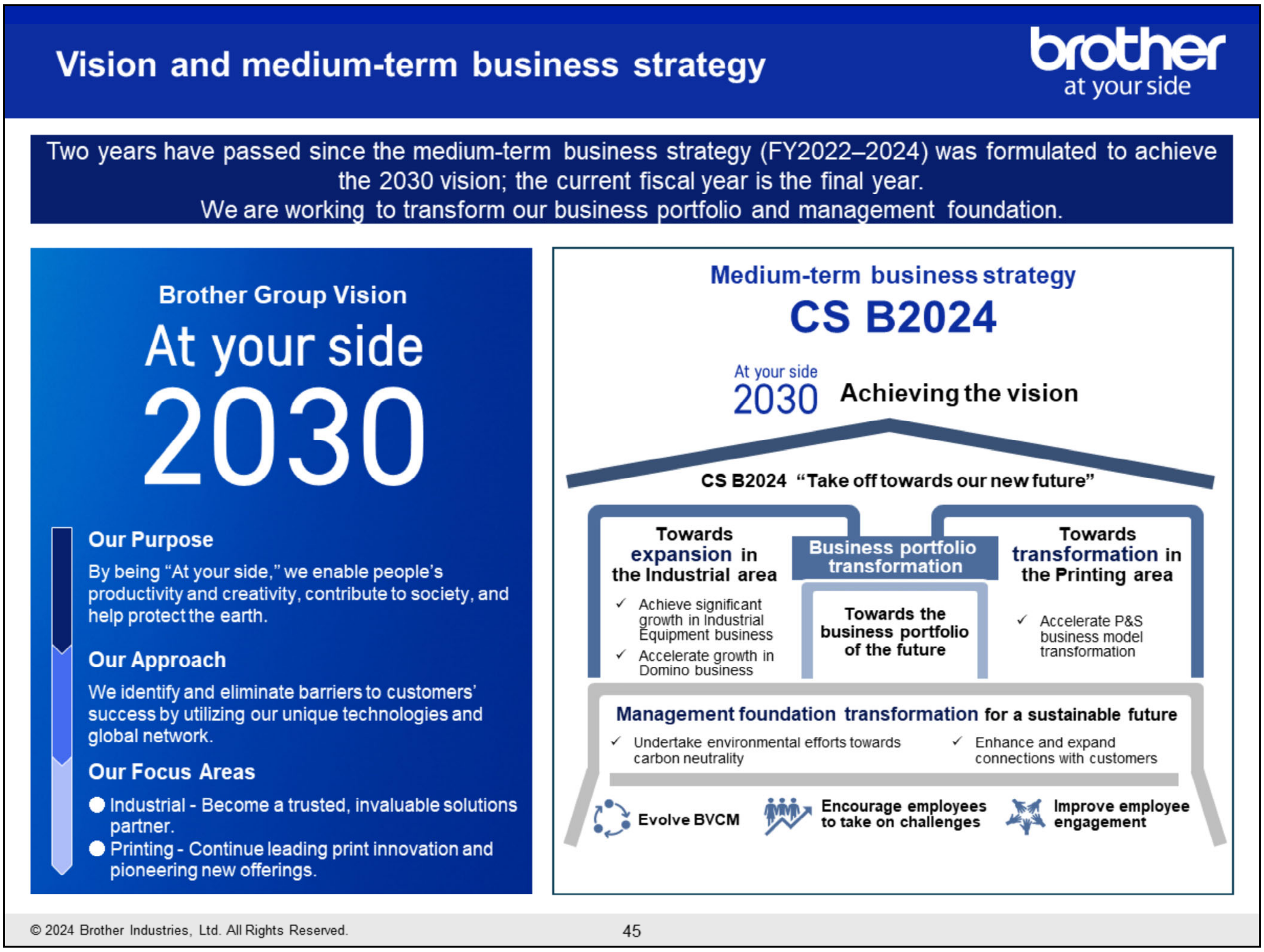
May 9, 2024

Brother Industries, Ltd.

Ichiro Sasaki
Representative Director & President

Medium-term business strategy outline and progress

Back to Agenda



The Brother Group formulated the Brother Group Vision "At your side 2030" towards 2030, which began in FY2022.

"At your side 2030" considers what kind of value we will provide to our customers towards 2030 and indicates how we will provide value ("Our Approach") and what we will achieve ("Our Focus Areas"), starting from "Our Purpose," which redefines Brother's raison d'être.

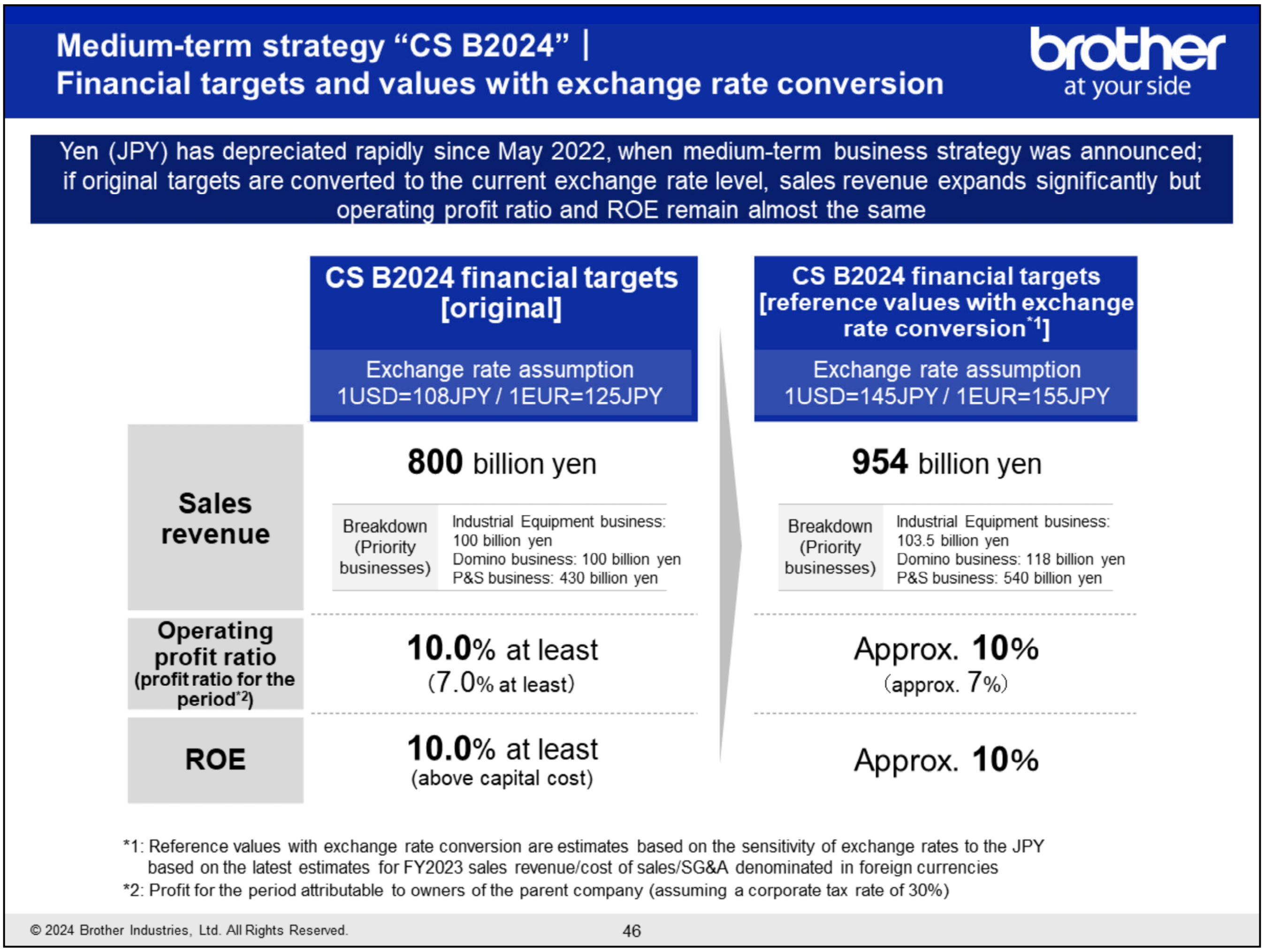
We formulated our "CS B2024" medium-term business strategy in FY2022 to achieve "At your side 2030" and defined themes to be addressed during the first three years.

Under CS B2024, we have been working on the priority themes of "Business Portfolio Transformation," including "Expansion in the Industrial Area" and "Transformation in the Printing Area," as well as "Management Foundation Transformation for a Sustainable Future."

I will now explain our progress in FY2023, the second fiscal year of CS B2024, through to May 9, 2024.

■ Brother Group Vision "At your side 2030" Explanatory Material
https://download.brother.com/pub/com/en/corporate/vision/atyourside2030e-p.pdf

■ Medium-term Business Strategy "CS B2024" Explanatory Presentation
https://global.brother/pub/com/en/news/2022/220511cs-b2024e-p.pdf



This slide shows the financial targets of CS B2024.
On the left are the original financial targets announced in May 2022.

In light of the rapid depreciation of the yen during the period, reference values for the original targets with exchange rate conversion are shown on the right.

As a result, sales revenue expands significantly but operating profit ratio and ROE remain almost the same.

CS B2024 financial targets (values with exchange rate conversion) and FY2024 forecast

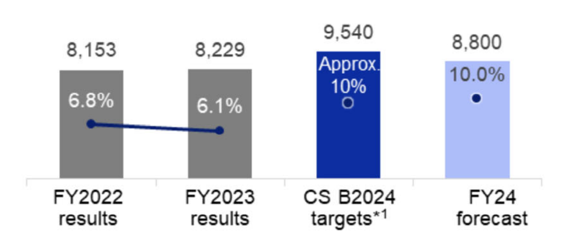
brother at your side

Aim to achieve operating profit ratio target despite the effects of deteriorating market conditions and delayed recovery on sales revenue, mainly in the Industrial Equipment business

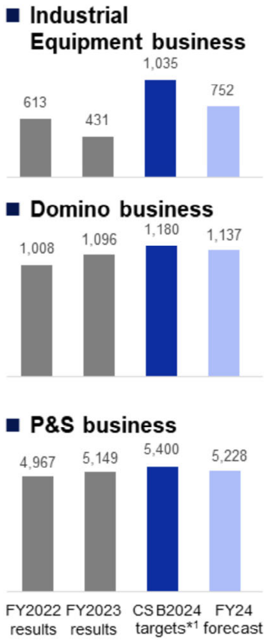
Company-wide CS B2024 targets (values with exchange rate conversion) and FY2024 forecast

	CS B2024 financial targets*1	FY2024 forecast
Sales revenue	954 billion yen	880 billion yen
Operating profit ratio	Approx. 10%	10%
ROE	Approx. 10%	9.3%

Sales revenue & Operating profit ratio (100 Millions yen)



Sales revenue of priority businesses (100 Millions yen)



Struggled in FY2023 due to sluggish market conditions, especially in China

Steadily expand sales and service staff and launch new sites to capture demand when market recovers

DP didn't reach expected numbers but sales of C&M and consumables were steady

Maximize earnings from peripherals, consumables, and after-sales services

Sales of product hardware were weak due to deteriorating market conditions, but sales of consumables were steady

Strengthen sales of hardware to increase MIF*2; Continue to strengthen "connecting" measures and Commercial & Industrial Labeling

*1: values with exchange rate conversion *2: Machine in Field: Number of hardware units installed

 47

This slide outlines the forecast for FY2024. It is a comparison with reference values that have been converted to the current exchange rate level.

We forecast sales revenue of 880 billion yen, an operating profit ratio of 10%, and ROE of 9.3% for the entire company.

Although sales revenue will be affected by deteriorating market conditions and delayed recovery mainly in the Industrial Equipment business, we aim to achieve our operating profit ratio target.

The following is a summary of sales revenue trends in our priority businesses, namely the Industrial Equipment business, Domino business, and P&S business.

・Industrial Equipment business (Machinery business)

In FY2023, the Industrial Equipment business struggled due to sluggish market conditions, especially in China.

We will continue to steadily expand our sales and service staff and launch new sites among other measures to build a full-fledged structure that will capture demand when the market recovers.

・Domino business

In FY2023, although sales of DP product hardware did not reach the expected numbers, sales of C&M product hardware and consumables were steady.

We will continue to maximize earnings from peripherals, consumables, and after-sales services.

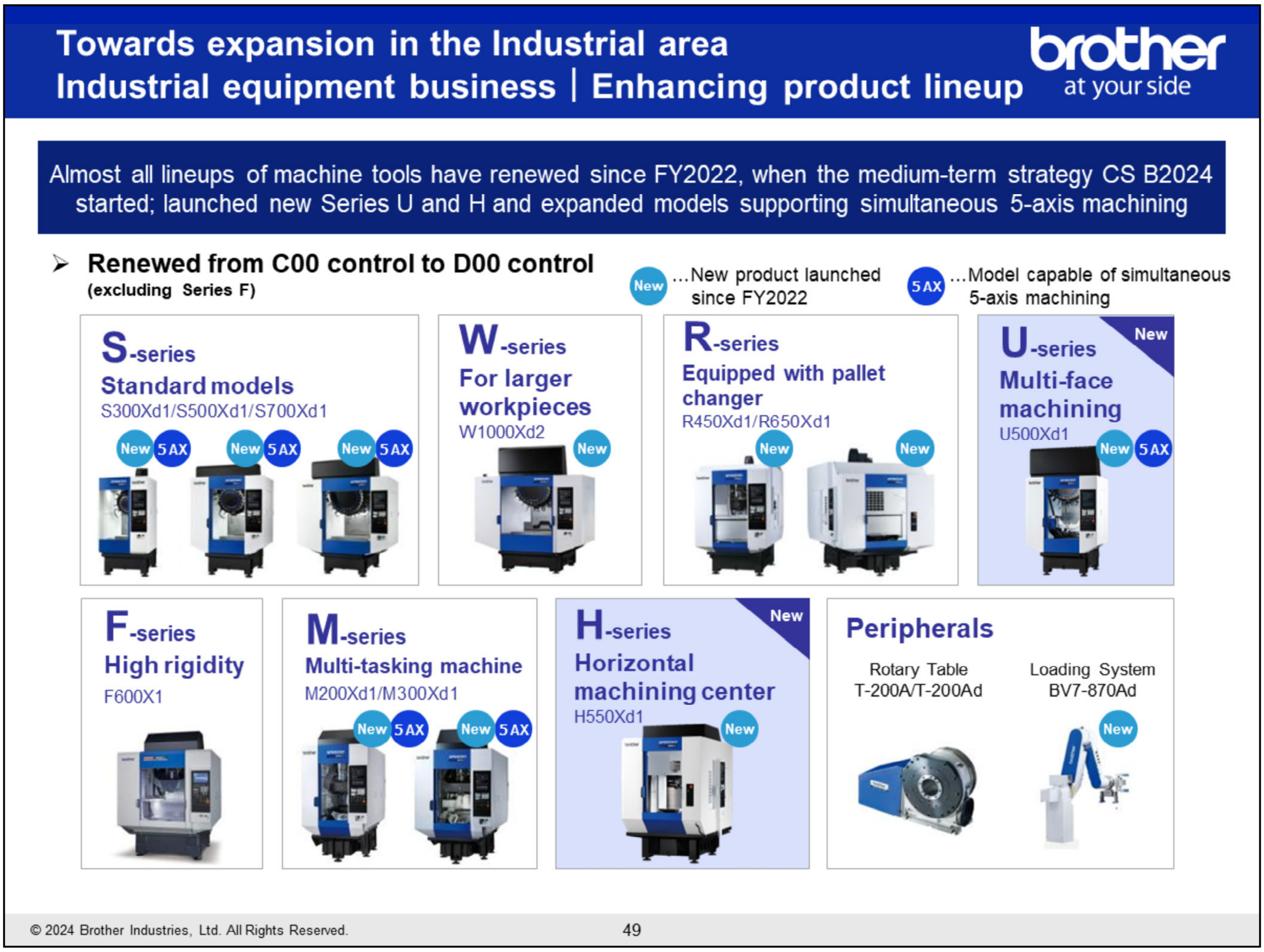
・P&S business

In FY2023, sales of product hardware were weak due to deteriorating market conditions, but sales of consumables were steady.

In FY2024, we will strengthen sales of product hardware in order to increase the number of machines in field (MIF) in the market, while continuing to focus on strengthening "connecting" measures such as MPS and subscription services as well as expanding Commercial & Industrial Labeling.

Towards business portfolio transformation

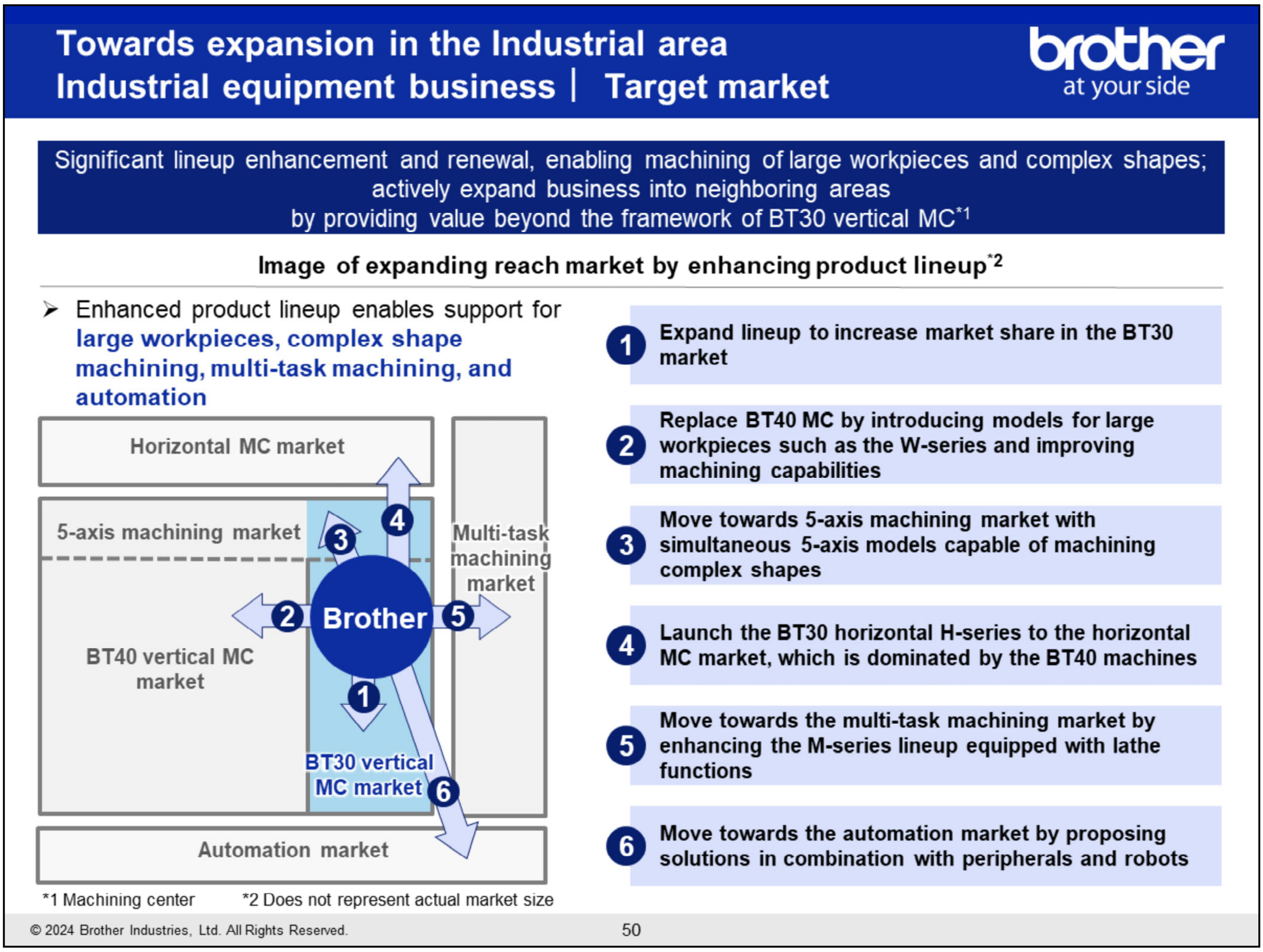
Back to Agenda



From here, I will introduce our efforts in the Industrial Equipment business towards “Expansion in the Industrial Area” for business portfolio transformation.

We are accelerating the development speed of SPEEDIO machine tools more than ever, and are renewing almost the entire lineup from FY2022 onward.

In addition to the simultaneous 5-axis machines and multi-face machines newly introduced in FY2022, the lineup was expanded in FY2023 with the introduction of SPEEDIO's first horizontal machining center, enabling the machining of large workpieces and complex shapes.

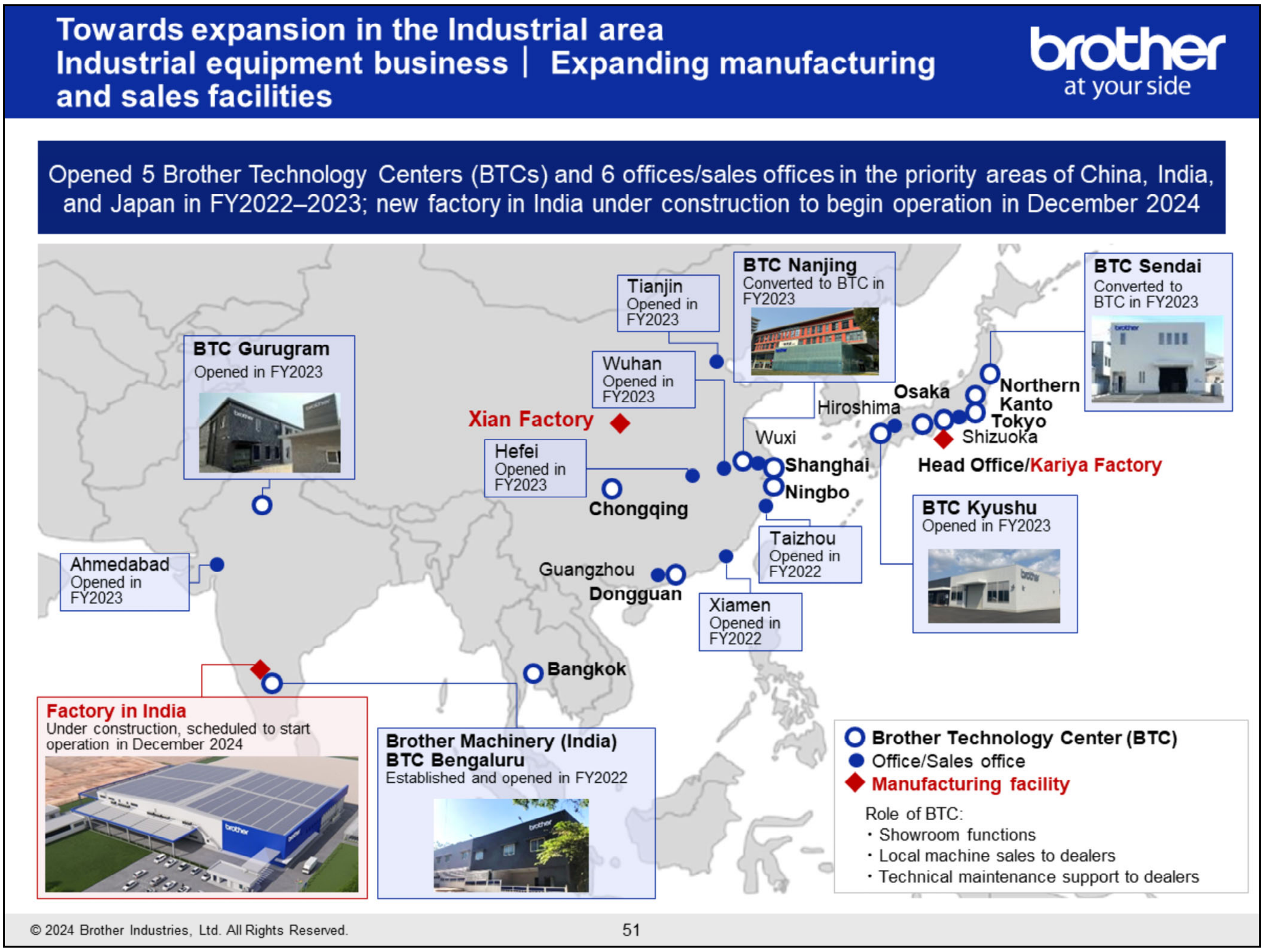


The significant enhancement and renewal of the SPEEDIO lineup has enabled the machining of large workpieces and complex shapes. This will allow us to aggressively expand our business into adjacent areas by providing value beyond the framework of the compact BT30 vertical MC.

In addition to expanding our share in the BT30 vertical MC market, which is our main market, we will seek to replace the BT40 vertical MC with a model that can handle large workpieces, centered around W-series.

We will increase the number of models capable of machining complex shapes as well as simultaneous 5-axis machining. We will also make value proposals tailored to market and customer needs, such as the BT30 horizontal H-series for the horizontal MC market and M-series with both MC and lathe functions for the multi-task machining market.

In addition, we will focus on providing solutions to automate manufacturing processes through combinations with peripherals and robots manufactured by other companies.



On the sales side, we are strengthening our sales and service infrastructure in the priority areas of China, India, and Japan by opening new facilities and adding showrooms to existing facilities (converting them into Brother Technology Centers).

We have opened five Brother Technology Centers and six offices/sales offices since FY2022.

On the manufacturing side, we have begun construction of a new factory in India, where market growth is expected. It is scheduled to begin operation in December 2024.

Towards expansion in the Industrial area
Domino business | Enhancing product lineup

brother at your side

Continuous development and launch of new products and applications through collaboration between Domino and Brother

Gx Series cartridge type thermal inkjet printers

Gx350i

Capable of printing 2D barcodes and curved surfaces

[Printing applications] Food packaging, packing boxes, beverage and pharmaceutical containers

- Capable of **printing twice as wide** as conventional models; supports printing 2D barcodes
- Capable of printing on **curved surfaces such as the bottom of a can** by increasing the discharge distance
- Capable of **printing on industrial applications** such as cables

Cx350i large character inkjet printers

Cx350i

Capable of printing on building materials

Supports color inks

[Printing applications] Corrugated cardboard, building materials (plasterboard, wood)

- **High speed** and **long continuous printing time** compared to conventional models
- Supports **black/red/blue/green** inks
- Reduces environmental impact by utilizing **plant-derived oil-based inks**

Vx Series high-speed thermal printers

- Full model change in pursuit of even faster printing speeds
- Improved functionality and ease of use

Vx150i

Coding expiration date and lot number

K300 Black-and-white digital printers

- Offers the world's first application of printing **variable information** on **label-less PET bottle caps**

K300

Printing on label-less PET bottle line

In the Domino business, Domino and Brother are continuing to collaborate in the development and launch of new products.

As one of the major new products that have been launched since FY2022, we have expanded the functionality of cartridge type thermal inkjet printer, which prints serial numbers and other information on food packaging and beverage and pharmaceutical containers, by introducing a head that allows for printing on curved surfaces, and a head that supports a printing width twice that of conventional models.

For customers who print continuously 24 hours a day at high speed on building materials such as plasterboard and wood, we have introduced a printer for large character that can print continuously for 13 days (conventional models can print continuously for 8 hours).

We have also done a full model change on our high-performance, high-speed thermal printers to improve printing speed, functionality, and ease of use.

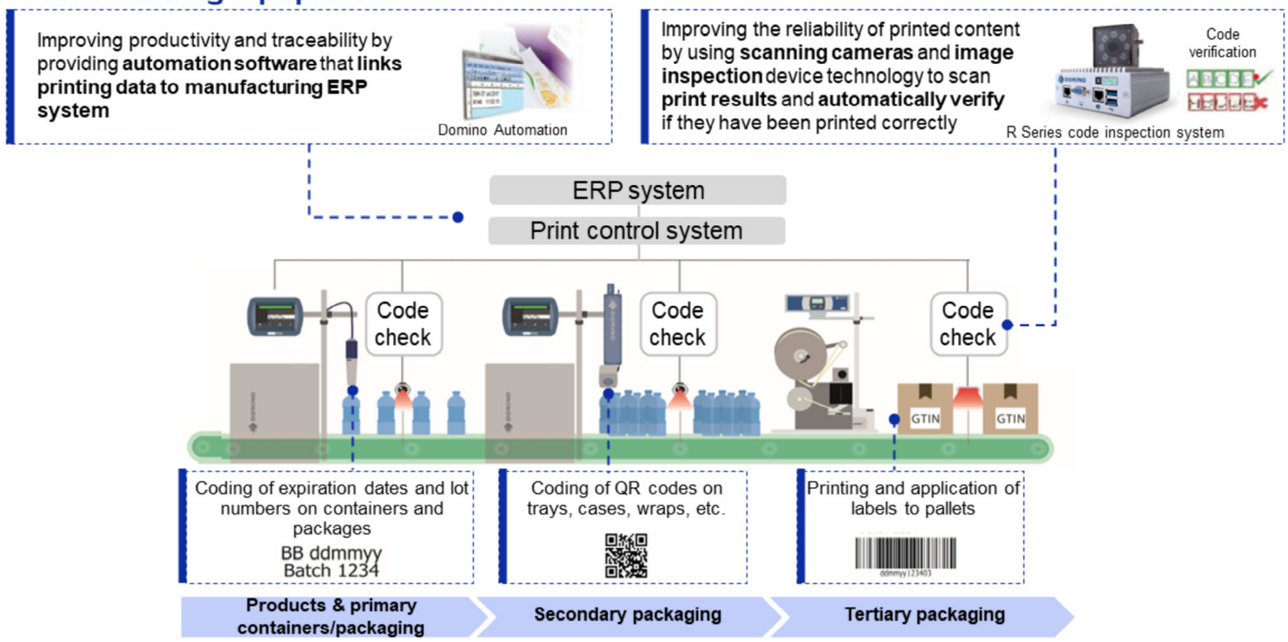
For black-and-white digital printers, we have launched K300 and expanded our product lineup and applications, including the world's first printer capable of printing variable information on label-less PET bottle caps.

Towards expansion in the Industrial area
Domino business | Providing value throughout the manufacturing process

brother at your side

Focus on providing value throughout the customer's manufacturing process, from printing on individual products to packaging and shipping

■ **Providing solutions with automation software and peripherals in addition to coding and marking equipment**



 53

In addition to printing equipment hardware, we are also focusing on providing solutions for the entire manufacturing process, including peripherals for code inspection of print results and automation software for integration of printing data and other data into ERP systems.

Towards transformation in the Printing area
Environmental awareness and measures

brother at your side

Response to changes in the printing market environment and enhance profitability by launching new products and reinforcing initiatives to connect with customers, targeting customers with high print volume as our main focus

Environment surrounding small all-in-ones and printers

Although the printing market is facing a difficult situation with a shrinking market, decreasing print volume, and lower genuine consumable ratio, the environment surrounding small machines has some advantageous aspects

- Centralized printing ➡ Decentralized printing
- Establishment of home demand
- Black-and-white ➡ Color
- Expansion of the ink tank market
- Longer usage period for hardware (increase in MIF*1 residuals)

■ Measures

Hardware sales — **Strengthen hardware sales targeting customers with high print volume and expand MIF to support future consumables sales**

- Enhance measures for customers with high print volme in each market, including high-end models in developed countries and TCO*2 models such as ink tanks in emerging countries
- Launch competitive new products, including models with the fastest printing speed in their class, high-capacity toner, and high durability

Major new products from FY2022 onward

Color laser		Black-and-white laser		Inkjet
For SMB	For SOHO	For SMB	For SOHO	A3 model

Connecting — **Support consumable sales by strengthening measures to connect with customers**

→ See following section for details

*1: Machine in Field *2: Total Cost of Ownership

Next, I will introduce initiatives for “Transformation in the Printing area.”

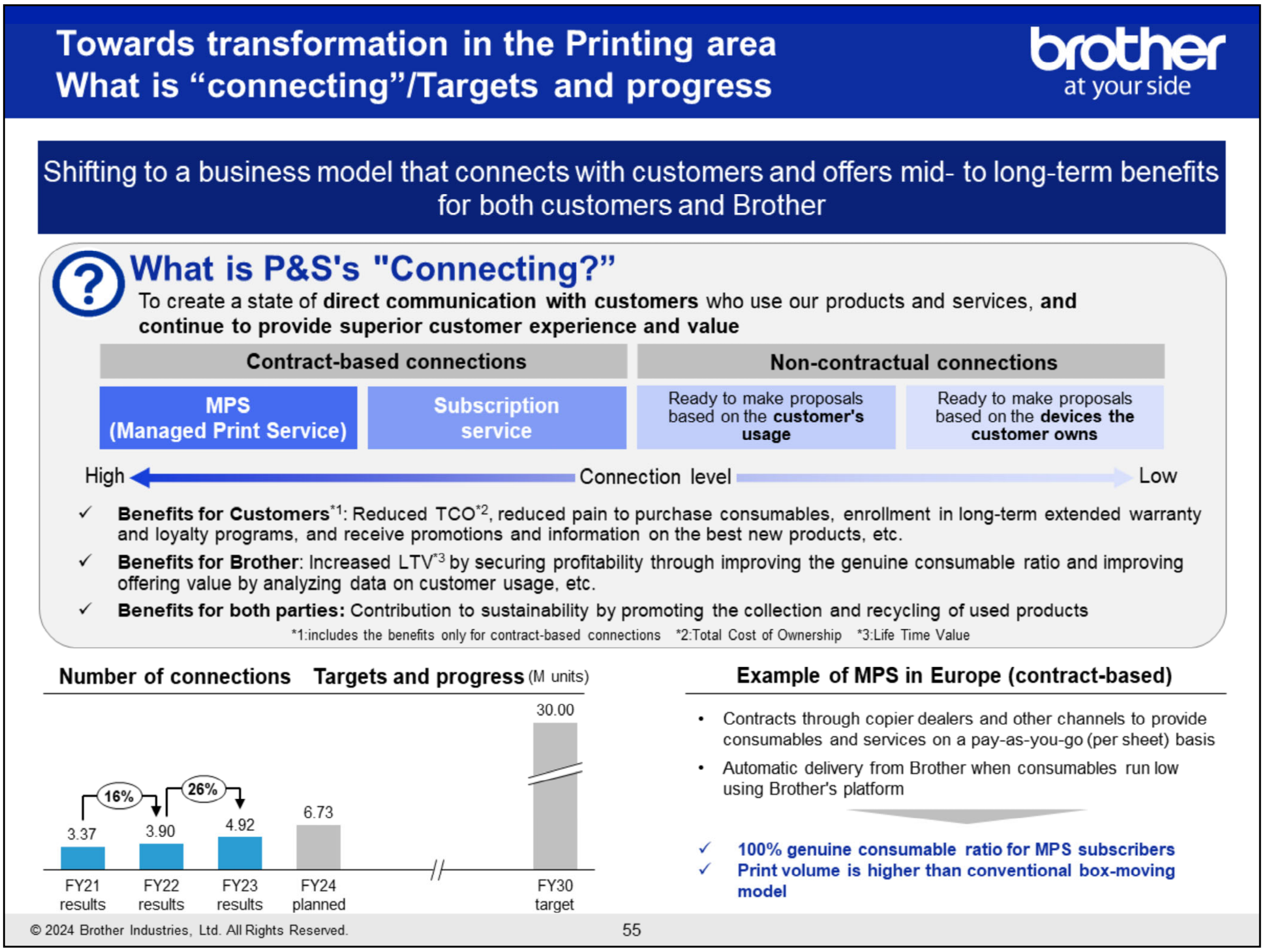
The printing market is facing a difficult situation with a shrinking market, decreasing print volume, and lower genuine consumable ratio due to the trend toward paperless and other factors. However, we recognize that there are some advantageous aspects for compact all-in-ones and printers, such as the movement from centralized printing with large copiers in offices to decentralized printing with compact machines, the establishment of home demand following COVID-19, the demand for color printing, and the expansion of the ink tank market in emerging countries.

In addition, the usage period for hardware is getting longer, which supports the sale of consumables.

We will capture these changes in the environment as we aim to remain a winner in the printing market and enhance profitability.

For hardware sales, we will continue to launch highly durable and competitive new products in FY2022 and beyond. We will strengthen sales targeting customers with high print volume for both laser and inkjet and expand MIF(Machine in Field) to support future consumable sales.

At the same time, we will support consumables by strengthening measures to connect with our customers.



In the P&S business, we are moving away from the traditional box-moving business model to that of connecting with customers.

With "connecting" as the keyword, we aim to provide superior value by creating a situation where we can communicate directly with our customers, both contract-based and non-contractual businesses.

The contract-based businesses refer to services such as MPS and subscription services, while non-contractual businesses are those in which we are able to make proposals to customers based on their product usage and the equipment they own.

By "connecting" with customers, we can help reduce their TCO and the cost of purchasing consumables, and expect to increase profitability for Brother by improving the genuine consumable ratio.

It will also encourage the collection and recycling of products, which will contribute to sustainability.

In FY2023, we have connections with 4.92 million customers to whom we can provide value and make proposals, an increase of approximately 26% from the previous fiscal year. We are developing various measures to achieve our goal of connecting with 30 million customers in FY2030.

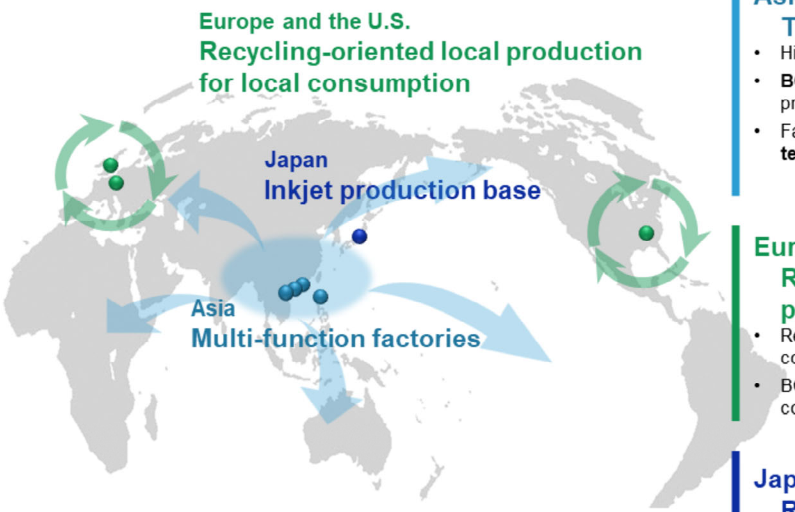
In the Managed Print Service (MPS) in Europe for BtoB, not only is the genuine consumable ratio at 100%, but print volume is higher compared to those not under contract, confirming that consumables are effective in securing revenue.

We will accelerate the transformation of printing by simultaneously strengthening the product strength and profitability of the P&S business and transforming the business model.

Towards transformation in the Printing area
Global manufacturing system towards 2030

brother at your side

Aim to establish a system where the main production facilities in Asia pursue cost competitiveness and promote multiple functions, Europe and the U.S. focus on recycling-oriented local production for local consumption, and Japan serves as the inkjet production base



Asia:
Transform into multi-function factories
- High **cost competitiveness** for global markets
- **BCP** factories capable of producing inkjet, laser, and labeling products
- Factories with renewable energy and **energy-saving technology**

Europe and the U.S.:
Realize recycling-oriented local production for local consumption
- Recycling-oriented factories with a view to recycling not only consumables but also hardware
- BCP factories in the region through local production for local consumption of consumables

Japan:
Restructure inkjet production base
- Advanced and efficient production system for consumer/industrial core inkjet parts
- Integrated prototyping and production system for **industrial printing products**

On the manufacturing side of the P&S business, we have clarified the positioning of our manufacturing facilities by region towards 2030.

In Asia, in addition to pursuing cost competitiveness, which we have been promoting, we are aiming to transform our manufacturing facilities into multi-function factories by building a system that enables the production of various product categories at multiple sites to support BCPs, utilizing renewable energy through the installation of solar panels, and actively introducing energy-saving technologies, among other measures.

In Europe and the U.S., in addition to local production for local consumption and the collection/recycling of consumables, we are aiming to create recycling-oriented factories within the region with an eye towards the recycling of product hardware.

In Japan, we are aiming to establish an advanced and efficient production system for core inkjet parts and an integrated system from prototyping to production for industrial printing products in order to serve as an inkjet production base.

Towards transformation in the Printing area
Enhancing manufacturing facilities

brother
at your side

Expand and enhance capabilities around inkjet manufacturing facilities

■ Completion of new factory building in the Philippines

- New factory building of Brother Industries (Philippines), Inc., which produces P&S products, completed in January 2024
- Investment: Approx. 9 billion yen (including solar panel installation)
- **Can respond flexibly to changes in the business environment as a multifunctional facility**

Enhanced production capacity	Flexible production of various P&S products
Supports BCPs through warehouse functions for parts and products	Uses renewable energy through solar panels

New factory building of Brother Industries (Philippines) (Factory No. 3)

■ Hoshizaki Factory to automate production of core inkjet parts

- New factory building at Hoshizaki Factory completed in January 2023
- Brother Group's first seismic isolation structure
- Aims to further improve production efficiency and quality by **consolidating the production of key parts** and **introducing automated production lines** as an inkjet production base

New factory building of Hoshizaki Factory (Factory No. 13)

57

As part of the above-mentioned activities to build a global manufacturing system, a new factory building (Factory No. 3) of Brother Industries (Philippines), Inc. was completed in January 2024.

In addition to being able to produce a wide variety of products, the new factory building also has a warehouse function for storing parts and products that supports BCPs.

Solar panels have been installed on the roof to generate up to 3,736 MWh per year, which accounts for approximately 40% of the total electricity generated by the Brother Group's facilities.

This facility will not only support increased production, but also respond flexibly to future changes in the business environment as a multifunctional facility.

In addition, at the new factory building of the Hoshizaki Factory (Factory No. 13), which was completed in January 2023, we will consolidate the production of key inkjet parts for consumer and industrial use and introduce automated production lines among other measures to further improve production efficiency and quality.

Towards the business portfolio of the future
Expanding inkjet product line

Expand the value of inkjet product offerings not only in the P&S business, but also beyond business boundaries

Inkjet product line that extends beyond business boundaries

Industrial use ↑ ↓ Consumer use

Application/Category		Product	Business
Coding		Coding and marking equipment	Domino
Graphic	Packaging	Digital label equipment	Domino
Graphic	Signs	Wide-format printers	Machinery
Graphic	Textile	Garment printers	Machinery
Graphic	Textile	Fabric printers	P&H
Graphic	Goods	Sublimation printers	P&H
Document		Inkjet all-in-ones	P&S

[News] Exhibition at FESPA* 2024

- Exhibited products including garment printers and wide-format printers in the Industrial Printing area, as well as office printers and fabric printers
- Proposed value through cross-selling by combining various products beyond business boundaries

*: One of the world's largest annual exhibitions for industrial printing and textiles in Europe, held in Amsterdam, the Netherlands from March 19-22, 2024

 58

We are aiming to expand the value we offer centered around inkjet for our future business portfolio.

In the Machinery business, we launched a latex wide-format printer in April 2024 as a wide format printer for sign and display applications. In addition, in the P&H business, we launched a fabric printer that can print on rolls of fabric and a sublimation printer that can transfer designs not only on fabric products but also on mugs and other items in 2023.

We are also strengthening our broad value proposition through the development of new inkjet products and cross-selling beyond business boundaries by exhibiting at FESPA 2024, one of the world's largest exhibitions for industrial printing and textiles.

Towards the business portfolio of the future
Creating new businesses that help to address materialities

brother at your side

Aim to expand business into fuel cells and air conditioning equipment to provide new value that will help to address our materialities

■ Launched "ACUPS Series" hydrogen fuel cell/storage battery hybrid UPS

- **Backup power supply that hybridizes fuel cells** that generate electricity using hydrogen and oxygen from the air **and lithium-ion batteries** launched in October 2023
- **Adopted** as a backup power source for **runway facilities at Narita Airport**
- Brother's initiative to promote hydrogen utilization named **"PureEne"**; activities strengthened

ACUPS Series

PureEne

■ "Pure Drive PD3" spot cooler wins Energy Conservation Grand Prize

- Uses Brother's proprietary "TWIN AQUA" technology; a **CFC-free**, **exhaust heat-free** spot cooler with an exhaust air dry-bulb temperature below the ambient air temperature, achieving low power consumption that is about 1/5 that of an air conditioner system
- First win of the "**Agency for Natural Resources and Energy Commissioner's Award**" in the Product and Business Model Category of the "FY2023 **Energy Conservation Grand Prize**" sponsored by the Energy Conservation Center, Japan

Award-winning product (right) and installation example (left)

■ Launched paid version of "BuddyBoard" note-taking app that can be used by teams

- An iPad handwritten note-taking app that enables **real-time sharing of handwritten notes** and contributes to more efficient remote work
- Commercialized in 2021 as a result of the employees' new business proposal system and launched as a paid service for corporate customers in 2022

BuddyBoard

 59

This slide shows new business initiatives.

In 2018, Brother commercialized environmentally friendly hydrogen fuel cells that do not emit CO_2. In 2023, we launched the "ACUPS Series," a backup power supply that hybridizes hydrogen fuel cells and lithium-ion batteries, which has been adopted as a backup power supply for runway facilities at Narita Airport.

In addition, we launched "PureEne" as a brand that symbolizes all of Brother's efforts to promote hydrogen utilization centered around fuel cells, and will further strengthen its activities.

In terms of air conditioning equipment, the newly developed "Pure Drive" Series' "PD3" model, an exhaust heat-free and CFC-free personal spot cooler, had its first win of the "Agency for Natural Resources and Energy Commissioner's Award," the second-highest prize in the Product and Business Model Category of the "FY2023 Energy Conservation Grand Prize" sponsored by the Energy Conservation Center, Japan.

In addition to its low power consumption, which is approximately one-fifth that of air conditioners, and its environmentally friendly CFC-free design, the new model was highly evaluated for its compact size compared to conventional models, which allows it to be widely installed not only in forklifts but also in towing vehicles and transport equipment in factories and logistics warehouses.

Furthermore, "BuddyBoard," a handwritten note-taking application that was commercialized as a result of the employees' new business proposal system, is now available as a paid service for corporate customers.

We will continue to focus on creating and growing new businesses that help to address our materialities.

Management foundation transformation for a sustainable future

Back to Agenda

Management foundation transformation
Promoting DX strategy

brother at your side

Initiatives are underway in each of the three pillars of the DX strategy; approx. 80% of those who have completed the DX core human resource development curriculum are engaged in DX-related work

■ Three pillars of DX strategy and progress

- **Approx. 80% of those who have completed the DX core human resource development curriculum are engaged in DX-related work, including Business DX and Operational DX projects**

① Business DX

Business model transformation in each business

[FY23 Results] A total of 7 major projects in progress, including the following:

- Construction of a **1-to-1 marketing** structure to expand "connecting" measures in each business in progress

② Operational DX

Building a robust and sustainable supply chain
Realization of connected, visible and never-stop factories

[FY23 Results] A total of 6 major projects in progress, including the following:

- **Visualization and centralization of global data on production, logistics, sales, and inventory**
- Establishment of **procurement and supply process for contingency stock parts**
- Creation of a **vendor tree** for visualization of procurement system in progress

③ DX Infrastructure Building

Thorough use of digital technology and human resource development

*Brother Industries

[FY2023 Results]

- **Deploy global integrated data infrastructure**
  - ✓ Introduced an infrastructure system for centralized management and utilization of global data including Operational DX and Business DX
  - ✓ Operation to be launched in phases from FY24

- **Continue and strengthen DX human resource development***

DX Core Human Resources
- ✓ Expanded core human resources from 5 to 7 types
- ✓ 1st offering: 147 completed, 2nd offering: 96 currently enrolled

Leader of Digital Utilization Promotion
- ✓ 28 (FY22)/26 (FY23) employees participated in training
- ✓ Implemented for all departments of Brother Industries

All employees
- ✓ Approx. 3,000 employees (FY22)/new and mid-career employees (FY23) took basic training

- **Promote operational efficiency through the use of generative AI***
  - ✓ Began internal use of ChatGPT for general operations and Copilot for software development
  - ✓ Established guidelines for external use

We are promoting DX as part of the management foundation transformation.

Brother's DX strategy consists of three pillars: "Business DX," which aims to transform the business models and business processes of each business; "Operational DX," which aims to build a robust and sustainable supply chain; and "DX Infrastructure Building," which promotes the establishment of data utilization infrastructure and DX human resource development to realize these goals.

For Business DX, in FY2023 we promoted the construction of a 1-to-1 marketing structure to expand measures to connect with customers in each business, centered on the P&S business and P&H business.

For Operational DX, various efforts were implemented to eliminate waste in supply chain management and build a system that can deliver necessary value to customers at any time, including the digital visualization and global centralization of inventory, production, and sales status.

For DX Infrastructure Building, we introduced a global integrated data infrastructure for the centralized management and utilization of globally scattered data, including Operational DX and Business DX. We are making preparations to begin operation in FY2024.

For DX human resource development, we are continuing and strengthening education for each level of employees, namely "DX Core Human Resources," "Leader of Digital Utilization Promotion," and "All Employees."

In addition, we are promoting the further improvement of operational efficiency by starting to use generative AI such as ChatGPT and Copilot in our operations from FY2023.

Approximately 80% of students who completed the first offering of the DX core human resource development curriculum are now engaged in DX-related work. We will continue to coordinate and accelerate our human resource development and DX initiatives.

Management foundation transformation
Human capital

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Formulated human resource policy and introduced a new HR system in FY2023 to encourage employees to take on challenges and improve employee engagement

*Brother Industries

■ Formulation of human resource policy and changes to core human resource system*

HR Policy	Support "true autonomy and effort" of employees, respect diversity, and properly reward achievements and contributions

Introduction of role-based grading system

New system replaces the previous position-based grading system, which placed importance on years of experience, with a **role-based grading system**, which places importance on the roles employees assume, **to facilitate role assignment according to each employee's ability** and **the optimal allocation of talents**

Goals by stage	[Young] Training/early selection	[Mid-level] Securing of superior human resources	[Management] Pipeline strengthening	[Senior] Capability strengthening

Incremental extension of retirement age to 65

Retirement age to be incrementally shifted starting in FY2026 so that the **retirement age is 65** for employees who turn 60 in FY2029

■ Introduction of systems and implementation of measures to support diverse work styles*

New systems	●Flexible working hours system without core hours ●Internal multiple-job system ●Support system for using babysitters ●Fertility treatment leave/vacation system
Measures	●Implementation of ongoing program to develop female management candidates ●Implementation of programs to promote understanding of health and nursing care

➢ Selected as a "2024 KENKO Investment for Health" stock
(for the fifth time, first in three years)

2024 健康経営銘柄

■ Implementation of employee engagement survey

- Began in FY2022 at Brother Industries and expanded to the entire Group in FY2023; plans are in place to continue the survey in the future
- Analyze survey results at each facility and implement measures to improve engagement, with good practices planned to be deployed across the Group

In human capital, we have formulated a new human resource policy and introduced a new human resource system to encourage employees to take on challenges and improve employee engagement.

We introduced a new role-based grading system as a core system in FY2023. The new system replaces the previous position-based grading system, which placed importance on years of experience, with one that places importance on the roles employees assume. This new system will facilitate role assignment according to each employee's ability and the optimal allocation of talents.

This will support the "true autonomy and efforts" of employees, as stated in our human resource policy, and enable us to "properly reward achievements and contributions" through the early selection of human resources who can produce strong results.

At the same time, we will promote the further advancement of senior employees by incrementally extending the retirement age from FY2026 as we shift to a retirement age of 65.

In addition to these initiatives, we are introducing systems and implementing measures to support diverse work styles, such as the abolition of core hours under the flexible working hours system, the introduction of an internal multiple-job system, and the ongoing implementation of the program to develop female management candidates.

The employee engagement survey that was first conducted at Brother Industries in FY2022 has now been expanded to the entire Group in FY2023.

We will analyze the results of the survey at each facility and implement measures to improve engagement throughout the Group, such as the horizontal deployment of good practices within the Group.

Materiality and sustainability targets

Back to Agenda

Materiality and sustainability targets

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	Materiality	Targets for FY2024	Results
Contribute to society	**Supporting People's value creation**	• In the **Industrial Equipment business**, secure performance advantage of products that contribute towards **improving** customer **productivity** and **reducing CO_2 emissions**	• Launched **a total of 10 new models in the SPEEDIO** series, boasting high environmental performance and productivity, since FY2022
		• In **P&S business**, build **platform to connect** directly with customers towards improving LTV of customers	• Strengthened efforts to connect interactively with customers, including **subscription services** in each region
	Realizing a diverse and active society	• Visualize **employee engagement** at the global level and improve engagement survey scores	• Started an employee engagement survey at Brother Industries in FY2022; expanded survey scope to the entire Group in FY2023
		• Enhance talent development and governance for encouraging the **assignment of local employees to top management positions of facilities outside Japan**	• **Promoted the development of core human resources and implemented succession plans** based on the identified current status of HR measures and issues at major facilities outside Japan
		• *Strengthen talent pipeline for **healthy gender balance in management positions** and establish environment for achieving diverse ways of working*.	• Added/revised **human resource systems to achieve more flexible work styles*** • Continued to implement **Program to Develop Female Management Candidates*** • Implemented **programs to promote understanding of health and nursing care** to promote diverse work styles*
	Pursuing a responsible value chain	• Expand the **human rights risk assessment on suppliers**	• Expanded the number of businesses and suppliers covered in **supply chain human rights due diligence** on primary suppliers and ensured its effectiveness • Continued to conduct **surveys for responsible mineral procurement**
		• Attain **RBA Gold certification** for **three Group manufacturing facilities**	• Following the RBA Gold Certification at the Vietnam Factory of P&S in FY2022, the Shenzhen Factory in China and Philippine Factory of P&S acquired RBA Platinum Certification in FY2023, **achieving the target ahead of schedule** • Furthermore, the Hoshizaki Factory also acquired RBA Platinum Certification in FY2024
Protect the earth	**Reducing CO_2 emissions**	• **[Scope 1 and 2]** Achieve **47% reduction** from the FY2015 level • **[Scope 3]** Take measures to **reduce 150,000 tons** through own effort	• [Scope 1,2] Implemented energy-saving and energy-creating measures such as more efficient use of electricity and introduction of solar power generation, and expect to **achieve the reduction target for FY2023** • [Scope] **Implemented measures** centered on improving energy efficiency of new products **as planned**, and consider additional measures for FY2024
	Circulating resources	• **Achieve ratio of virgin materials** used in products of **81% or less**	• Expect to **achieve target for FY2023** by implementing measures such as using recycled materials in some products and changing to recyclable cushioning materials

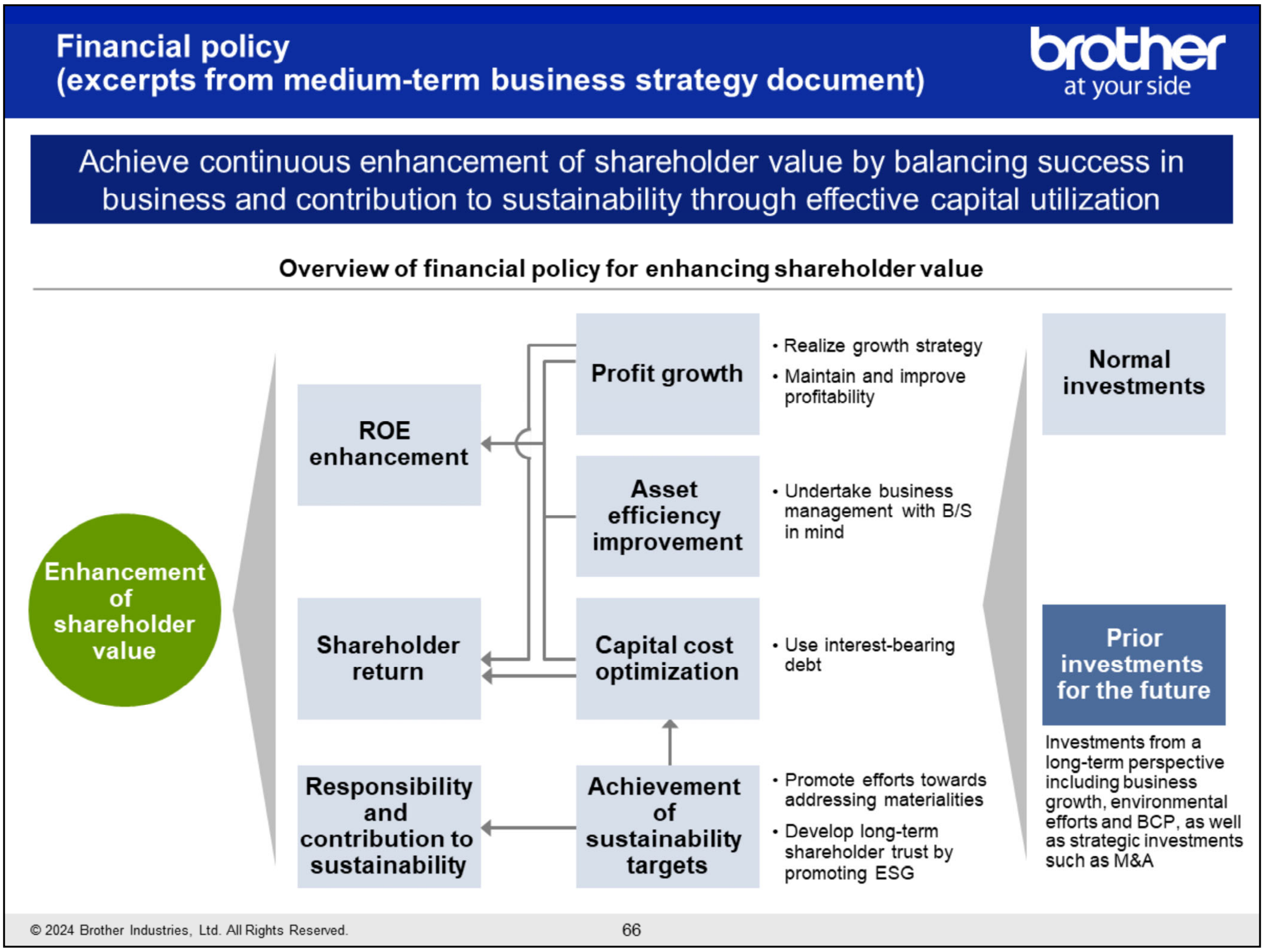
 64

This slide is a summary of our FY2023 results related to our materiality and sustainability targets.

The Sustainability Committee (chaired by the President) established in FY2022 has been promoting these activities across the entire company and is steadily making progress.

Financial policy

Back to Agenda



This is a slide disclosed in the medium-term business strategy document.

While making "prior investments for the future," we aim to increase shareholder value by achieving profit growth, improving asset efficiency, optimizing capital costs, enhancing ROE, ensuring stable shareholder returns, as well as fulfilling our responsibility for sustainability.

Financial policy
Cash allocation and prior investment for the future (excerpts from medium-term business strategy document)

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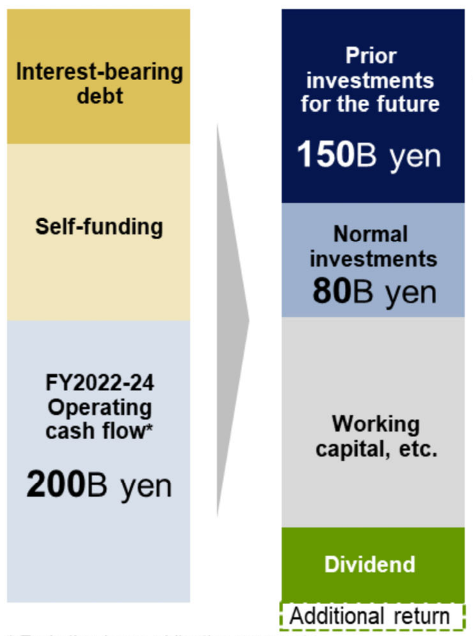
150 billion yen of the prior investment quota set for the 3-year period of CS B2024. We plan to invest a total of 230 billion yen, including normal investments

Cash allocation



* Excluding lease obligation payments

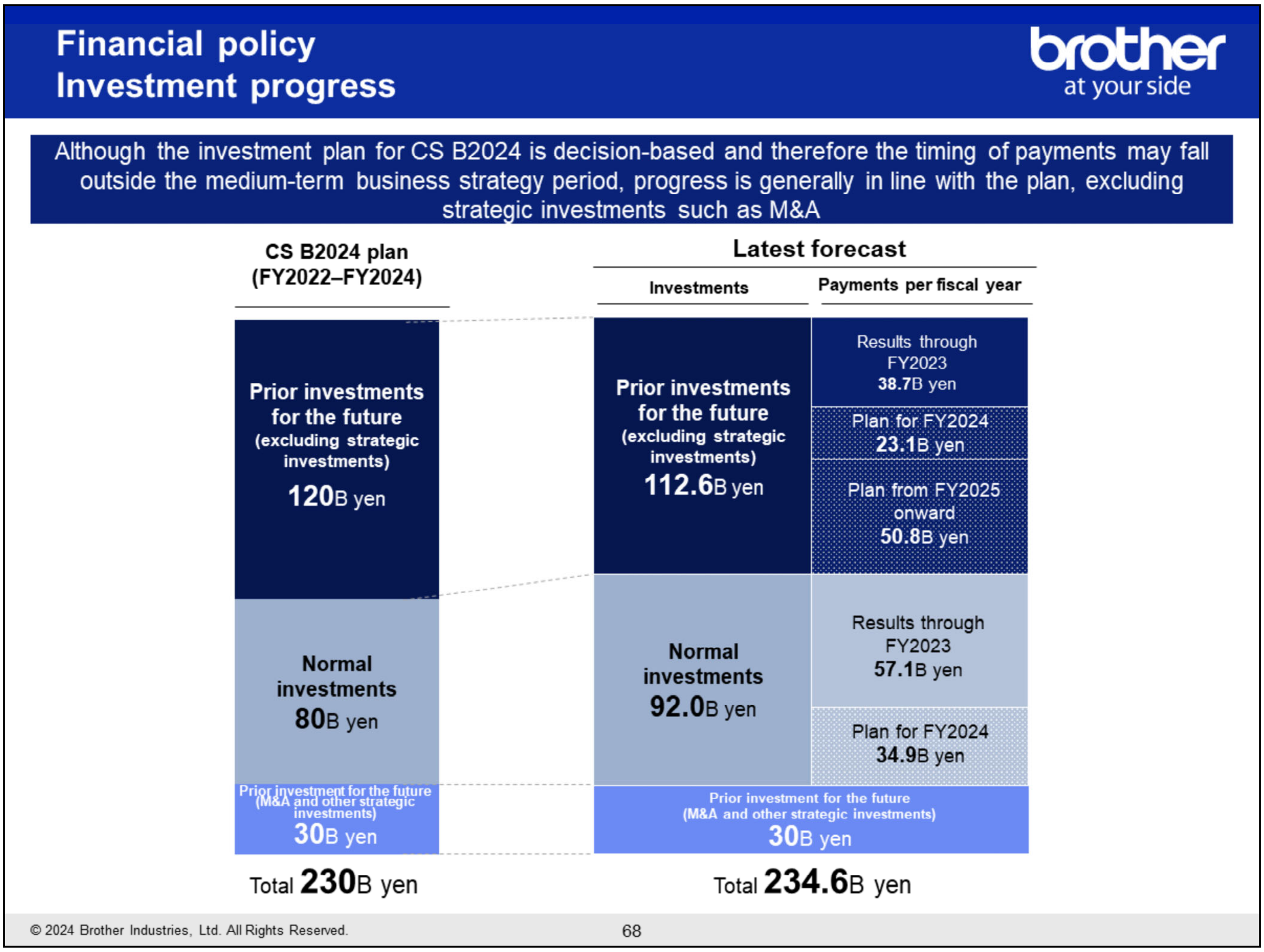
Prior investments for the future

	Theme	Main items	Amount
Business portfolio transformation	Towards expansion in the Industrial area Towards transformation in the Printing area	• **Reinforce sales and service facilities of Industrial area** • **Reinforce production capacity in the Machinery/FA area** • **Expand inkjet development and manufacturing facilities**	**50**B yen
	Towards the business portfolio of the future	• **Strategic investments for M&A, etc.**	**30**B yen
Management foundation transformation for a sustainable future	Environmental efforts Enhance and expand connections with customers	• **Factory investment for local production for local consumption of products** and **the realization of a circular economy** • **Introduction of energy-generation equipment** at Group facilities • **Construction of new environmentally friendly building** • **Supply-chain resilience** (expand factories, add multiple functions) • **DX investments** (build platform for connections with customers, revamp enterprise system)	**70**B yen
Total			**150**B yen

This slide shows the cash allocation and prior investments for the future disclosed in CS B2024.

The Brother Group has set aside 150 billion yen over the three years of CS B2024 as prior investments for the future. We will steadily implement investments for business portfolio transformation and management foundation transformation.

We plan to invest a total of 230 billion yen, including 80 billion yen in normal investments.



At present, we have invested approximately 100 billion yen of the 230 billion yen of total investments (prior investments for the future: 150 billion yen, normal investments: 80 billion yen) through FY2023, and progress is generally in line with the plan, excluding strategic investments such as M&A (30 billion yen).

Financial policy
Prior investments for the future

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Progress mainly in capital investment as prior investment for the future

	Details	Status at the end of FY2023	Purpose and remarks	Total investment*
Business portfolio transformation	**New factory building in Hoshizaki** 	Completed/ operating	• Enhanced industrial inkjet manufacturing facilities, Brother Group's first seismic isolation structure as a BCP measure	Approx. 10 billion yen
Business portfolio transformation	**[P&S] Philippines Factory New factory building** 	Completed/ operating	• Responding to increased product sales for the transformation of Printing area • Strengthen BCP measures, including warehousing of parts and products to strengthen the supply chain	Approx. 8 billion yen
Business portfolio transformation	**[Industrial Equipment, Machinery] New factory in India** 	Under construction	• New machine tool factory for the expansion of Industrial area • Establish a system to deliver products to customers in the Indian market, which is expected to grow	Approx. 2.5 billion yen
Business portfolio transformation	**Nissei New factory building** 	Completed	• Increase gear production capacity to expand sales for FA and robot applications	Approx. 1.6 billion yen
Business portfolio transformation	**Minato Factory New warehouse** 	Construction planned	• Responding to increased demand for storage of products and parts as a result of business expansion in the Industrial area • Raise floor as a BCP measure to address tsunami risk	Approx. 4.5 billion yen
Management foundation transformation for a sustainable future	**Mizuho Factory New building** 	Under construction	• Installation of energy-saving equipment, solar panels, and greenery on the premises as the Brother Group's flagship facility for environmental responsiveness • Aiming to create new technologies and businesses through active communication	Approx. 45 billion yen
Management foundation transformation for a sustainable future	**Installation of solar panels**	Handled at each facility	• Installation of solar panels at each location, including those listed above • Contributing to the achievement of carbon neutrality by using renewable energy sources to supply part of the electricity required for operation.	Approx. 1.5 billion yen
Management foundation transformation for a sustainable future	**Reformation of ERP system**	Completed	• Reformation of ERP system and business processes as DX investments at the Company, subsidiaries in Asia, and regional headquarters in Americas	Approx. 3.0 billion yen

*Includes investments outside of FY2022–FY2024

 69

This slide outlines the progress of prior investments for the future.

Note that the total investments shown to the right include investments made not only in FY2023 but also in other fiscal years.

In FY2023, we began construction of a new factory in India for industrial equipment and a new factory building for the Mizuho Factory in the head office area. We also actively made investments in DX and the environment.

Financial policy
On management with an awareness of cost of capital and stock price

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Deepen "management conscious of cost of capital and stock price" based on the financial policy of the medium-term business strategy

Topic	Present	Policy
Capital cost	Cost of equity: 7-10% - Calculated by CAPM - Variable due to differences in timing and assumptions used in calculations, so cost of equity is taken as the range	✓ Reduce the cost of shareholders' equity by promoting business portfolio transformation while also utilizing interest-bearing debt
ROI index	ROE 5-year* average: 8.1%	✓ Basic policy of soundly increasing ROE through business growth ✓ Aim to **achieve ROE of 10% or more above cost of capital** over the medium to long term
Shareholder return	Dividend per share, FY2022: 68 yen FY2023: 84 yen (planned) FY2024: 100 yen (planned) - Plan to increase dividend depending on factors such as business performance	✓ Provide stable and continuous shareholder returns ✓ **Consider additional shareholder returns** depending on factors such as business performance, and flexibly carry out repurchase of our own shares
Market valuation	P/B ratio 5-year* average: 1.05x Most recent: 1.08x - Recent P/B ratio over 1x due to recovery in performance	✓ Aiming to continuously increase shareholder value in accordance with the CS B2024 **financial policy** ✓ Aim for further improvement of P/B ratio by improving profitability and promoting business portfolio transformation through continuous growth investment

*From FY2019 to FY2023

 70

I will now explain our current awareness and policy regarding management conscious of cost of capital and stock price.

Capital cost
The current cost of equity is estimated around 7% to 10%.
It is calculated based on CAPM, but since it varies depending on the timing of calculation and different assumptions, it is taken as a range.
We will continue to transform our business portfolio and reduce the cost of equity while also utilizing interest-bearing debt.

ROI index
ROE has averaged 8.1% over the past five years.
Our basic policy is to soundly increase ROE through business growth, and we aim to achieve a level of ROE (10% or more) maintaining an equity spread.

Shareholder return
Our basic policy is to provide stable and continuous shareholder returns.
We will also consider additional shareholder returns, including raising the level of dividends, depending on factors such as business performance.
In addition, we will flexibly carry out repurchase of our own shares.

In FY2022, we paid a dividend of 68 yen per share.
For FY2023 and FY2024, we plan to increase dividends depending on factors such as business performance.

Market valuation
The P/B ratio has averaged 1.05 times in the past five years and was approximately 1.08 times as of the end of FY2023.

We plan to further improve the P/B ratio by improving profitability and promoting business portfolio transformation through continuous growth investment.

We will further deepen our management conscious of cost of capital and ROI based on the financial policy of our CS B2024 medium-term business strategy in order to meet the expectations of our stakeholders, achieve sustainable growth, and enhance corporate value.

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Thank you for your continued support.

Reference: Brother's business areas

Business areas		Business segments			Area (Main products & service portfolio)
Industrial area	Machinery/FA	Nissei			Reducer, Gear
Industrial area	Machinery/FA	Machinery	Industrial Equipment		Machine tool
Industrial area	Machinery/FA	Machinery	Industrial Sewing Machines	Industrial Sewing Machines	Industrial Sewing Machine
Industrial area	Industrial Printing	Machinery	Industrial Sewing Machines	Garment Printing	Garment printer
Industrial area	Industrial Printing	Domino			Coding and marking equipment, Digital printing equipment
Industrial area	Industrial Printing	Printing & Solutions	Labeling	Commercial & Industrial Labeling	Commercial & Industrial use label printer, Mobile printer
Consumer area	Printing	Printing & Solutions	Labeling	Home & Office Labeling	Labeling system
Consumer area	Printing	Printing & Solutions	Communications & Printing Equipment		Printer, All-in-One
Consumer area	Home & Culture	Personal & Home			Home sewing machine, Home cutting machine
Consumer area	Home & Culture	Network & Contents			Online Karaoke system