

Progress on the Medium-term
Business Strategy

CS B2027

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Brother Industries, Ltd.

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Representative Director & President

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We will explain the progress of the three-year Medium-Term Business Strategy “CS B2027”, which started in FY2025.

CS B2027 outline and progress

Before explaining the progress, we will review the outline of CS B2027 and explain the overall picture, focusing on the progress of financial indicators.

CS B2027

The Brother Group
Medium-Term Business Strategy

Creating our Future.
Boldly.

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

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

These are the key points of the three-year Medium-Term Business Strategy CS B2027 from FY2025 to FY2027.

"Creating our Future. Boldly." This is the theme of CS B2027.

It demonstrates a strong will for transformation and a future-oriented attitude.

The Brother Group's goal is to accelerate the Transformation of its business portfolio in order to increase its long-term corporate value and to ensure that this is achieved over the next three years.

Aiming to improve profit-generating capabilities by accelerating business portfolio transformation.

Clarification of the role of each business and investment policies

Solid execution of growth investments

Enhancement of the management foundation

Financial strategy to support growth and transformation

This is a review of the main points of CS B2027.

With CS B2027, we aim to accelerate the transformation of our business portfolio and increase profit generation. There are four key themes for this purpose.

The first is the clarification of the role of each business and investment policies.

In order to achieve the company-wide operating profit target of 100 billion yen, we have clarified the roles of each business and set priority indicators. We are intensively investing in our Growth Business and are working to transform our printing business.

The second is the steady execution of growth investments.

We will further expand from CS B2024 and implement a growth investment of 200 billion yen.

In particular, we are actively promoting M&A and alliances to strengthen the foundation and organizational capabilities to realize growth in the industrial area.

The third is the enhancement of the management foundation that supports these efforts.

We are strengthening the comprehensive enhancement of inkjet technology and its application in the industrial field, strengthening the human resources portfolio in key areas, and strengthening the foundation to support the sustainable growth of the Brother Group.

Lastly, we will implement the financial strategy to support growth and transformation.

In order to improve corporate value, we will promote management with an awareness of the cost of capital and stock prices, and strive to improve TSR and PBR.

While balancing Growth Investment, we will significantly enhance Shareholders returns.

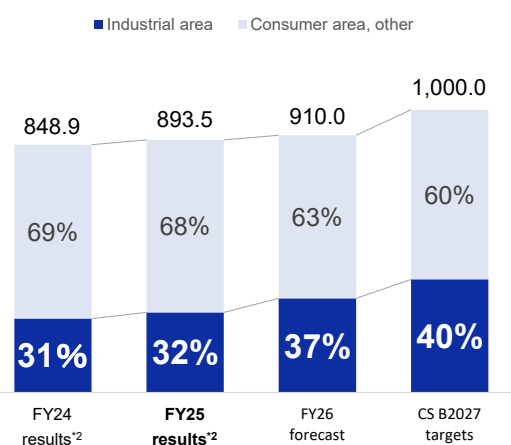
Absorbed the impacts of U.S. tariff policies through countermeasures, resulting in steady business performance.

Business portfolio transformation is accelerating alongside concrete implementation.

CS B2027 financial targets and trends

	FY2024 results*2	FY2025 results*2	FY2026 Forecast	CS B2027 Targets
Sales revenue	848.9 billion yen	893.5 billion yen	910.0 billion yen	1 trillion yen
Operating profit	67.7 billion yen	77.9 billion yen	85.0 billion yen	100.0 billion yen
ROE	8.1%	9.3%	–	10%
TSR*1 compared to TOPIX (including dividends)	89.6% (FY2022-FY2024)	81.9% (FY2025)	–	At least 100%
USD	152.48 yen	150.97 yen	150 yen	145 yen
EUR	163.62 yen	174.54 yen	180 yen	155 yen

Industrial area sales revenue ratio trends (Billion yen)



*1: TSR: Total Shareholder Return. An indicator that measures the overall return to investors (capital gains + dividends). *2: As of the third quarter of 2025, the N&C (Network & Contents) business has been classified as discontinued operations and has been excluded from the figures retroactively from the beginning of FY2025. Figures for FY2024 have been reclassified on the same basis.

Progress in FY2025 against CS B2027 financial targets.

In FY2025, sales revenue was 893.5 billion yen and operating profit was 77.9 billion yen.

We offset the impact of U.S. tariff policies through countermeasures, and business performance remained strong.

In FY2025, the first year of CS B2027, we accelerated the transformation of our business portfolio with concrete executions such as restructuring of existing businesses and M&A, in accordance with the strategic policy set forth in CS B2027.

The forecast for FY2026 is sales revenue of 910 billion yen and operating profit of 85 billion yen.

Although we are in a difficult business environment, such as risks due to the situation in the Middle East and soaring parts and materials prices, we aim to increase sales and profits year-on-year.

ROE was 9.3% in FY2025.

TSR, which has already been included as one of the indicators for performance-linked stock compensation for Directors, underperformed TOPIX by 81.9% in FY2025 alone, but we will continue to work to achieve the CS B2027 target.

The ratio of Industrial area to sales revenue was 32% in FY2025, a slight increase from FY2024. We expect to increase this to 37% in FY2026.

While investing in the Industrial area, with a focus on Growth Business, we will actively promote M&A and alliances to achieve the CS B2027 target of 40% in our business portfolio. We will accelerate transformation.

The roles and key indicators of each business were clarified. In FY2025, the Industrial Equipment, P&S and P&H businesses performed steadily.

Businesses		Key indicators and trends				
		Key indicators	FY24 results	FY25 results	FY26 forecast	CS B2027 targets
Growth business	Industrial Equipment	Sales revenue	47.3 billion yen	64.3 billion yen	80.0 billion yen	100.0 billion yen
	Industrial Printing [Domino / Printing & Automation]		137.3 billion yen	139.3 billion yen	167.0 billion yen	155.0 billion yen
	New businesses		-	-	-	-
Core business	P&S (Printing & Solutions) Commercial & Industrial Labeling Communications and Printing Equipment / Home & Office Labeling	Operating profit	36.8 billion yen	38.4 billion yen	40.0 billion yen	44.0 billion yen
			58.9 billion yen* ¹	58.1 billion yen*¹	63.0 billion yen* ¹	55.0 billion yen*¹
Profit-driven business	P&H(Personal & Home)	Operating profit ratio	12%	10%	8%	10%
	Nissei		0%	5%	5%	10%
Profitability transformation business	Industrial Sewing Machines		3%	3%	5%	7%
	N&C(Network & Contents)		5%	Discontinued operations*²	-	-
		Assumed exchange rate	USD 152.48 yen	150.97 yen	150 yen	145 yen
			EUR 163.62 yen	174.54 yen	180 yen	155 yen

*1: Operating profit of the P&S business, including Commercial & Industrial Labeling

*2: As of the third quarter of 2025, classified as discontinued operations and excluded from the figures retroactively from the beginning of FY2025

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CS B2027 clarified the roles and priority indicators of each business to accelerate business portfolio transformation. Investments and resources are allocated according to the role of the business.

The first is the Growth Business that will grow significantly as a company.

The target is Industrial Equipment (machine tool), Industrial Printing, new business, and Commercial & Industrial labeling within the P&S Business. For future profit growth, the key indicator for CS B2027 period is sales revenue.

For these businesses, we will actively consider growth investment, including M&A, with a view to discontinuous growth. We will also give priority to human resources.

The second is the Core Business that supports and protects the company-wide earnings base, which is consumer printers and Home & Office labeling in the P&S Business.

We will invest to further strengthen the positioning of printing and to transform the business model. In order to support the earnings base, we have set operating profit as a key indicator.

The third is the Profit-driven Business, which aims to raise the level of profitability, and covers the P&H business and the Nissei business.

Investment in these two businesses have already run its course, and at CS B2027, we will steadily recover our investments and strengthen profitability.

We will set operating profit ratio as a key indicator and strive to improve it.

The fourth is the Profitability Transformation Business, which requires a major reform of profitability as soon as possible, and the Industrial sewing machine and N&C Business are eligible. We will thoroughly review the profit structure and promote reforms to generate stable profits and cash. The key indicator is operating profit ratio.

The N&C Business completed a partial transfer of shares in April 2026 and is classified as a discontinued business.

The results for FY24 and FY25 and forecasts for FY26 are shown for the key indicator targets for each of these businesses in CS B2027. Although the degree of contribution to performance varies by business, the Industrial Equipment, P&S Business, and P&H business performed well in FY2025 for each priority indicator.

In FY2026, we are factoring in the impact of the situation in the Middle East and soaring parts and materials prices, but we expect strong performance mainly in the Industrial Equipment, P&S Business, and Industrial Printing Business.

Business strategy progress

This is about the progress of business strategy.

In addition to significantly expanding the product lineup that meet automation and labor-saving needs, a focus of the previous medium-term business strategy, and enhancing the sales and service network, sales revenue grew substantially due to a recovery in demand for capital investment, particularly in China.

Key indicator trends

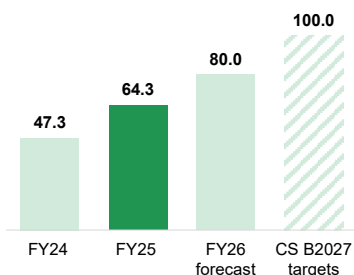
(Billion yen)

Role of the business

Growth business

Key indicator

Sales revenue



Initiative status of key themes

FY2025 progress

Strengthen value proposition to customers

- Reinforced sales and service facilities and human resources in key regions. In addition to China, India, and Japan, also expanded facilities in newly designated key regions such as Europe and Southeast Asia
- Launched multiple new products to meet process consolidation and automation needs and strengthened product lineup, thereby capturing existing customers' needs for upgrades and expansions while expanding the reach market to enable outreach to new customers

Assumed exchange rate	USD	152.48	150.97 yen	150.00	145.00
	EUR	163.62	174.54 yen	180.00	155.00

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First, I would like to explain the progress of the Industrial Equipment Business.

The Industrial Equipment business is positioned as a Growth Business that is a driving force in the Industrial area, and the key indicators are sales revenue.

Sales revenue in fiscal 2025 was 64.3 billion yen, a significant increase in sales.

Brother specializes in small machine tools with 30 spindles, and under the SPEEDIO brand we have pursued productivity, processing performance, and energy-saving performance, and have provided products that contribute to improving the competitiveness of customers' manufacturing.

In addition to our ongoing efforts since the previous mid-term strategy such as significantly expanding our product lineup to meet customer needs for automation and labor-saving, and enhancing our sales and service networks, we also benefited from a recovery in capital investment demand, particularly in China. As a result, sales revenue increased significantly.

The focus theme is to strengthen value proposition to customers.

In FY2025, in addition to China, India, and Japan, which have been our priority regions, we have increased our sales and service facilities and personnel in Europe and Southeast Asia, which have been newly designated as priority regions.

By increasing the speed of proposals to customers and the ability to propose solutions, we are expanding opportunities to win business negotiations.

We also continue to focus on expanding our product lineup. We have launched the models such as the "100-tool magazine" model, which is the first small machining center to be equipped with 100 tools, and the horizontal 5-axis machining center that can handle multifaceted and larger and longer workpieces while maintaining the compactness of a machine tool with 30 spindles

By significantly expanding our lineup, we have been able to capture the needs of existing customers for equipment renewal and expansion, expand the markets we can reach, and reach new customers.

Expansion of sales and service facility network serving as touchpoints with customers, including the newly designated key regions of Europe and Southeast Asia, is proceeding as planned, enhancing ability to make proposals quickly and respond promptly and thus expanding opportunities to secure business deals.

Sales facility network in key regions



We would like to explain the strengthening of the sales and service facility network.

In FY2025, in addition to the priority regions of China, India, and Japan, we proceeded as planned to expand our sales and service facility network, which is a touchpoint with customers, in Europe and Southeast Asia, which we have newly established as priority regions.

The Brother Technology Center (BTC) is a service and support facility with a showroom and is an important point of contact with customers. By increasing these facilities in priority regions, we are increasing the speed and responsiveness of proposals, which leads to more opportunities to obtain business opportunities and faster response to projects.

In Europe, BTC Frankfurt expanded and transferred, making it the third largest BTC in the world. We aim to significantly expand sales by establishing a sales and service system in Europe, the world's largest market, and proposing solutions tailored to regional characteristics in Western Europe, Eastern Europe, and Turkey.

In India, we have opened a new BTC office in Pune. It is now possible to deliver products quickly from the Indian factory, which started operation in FY24.

We aim for significant growth in the growing Indian market.

In Southeast Asia, we opened an office in Hanoi, Vietnam. The office will become the second facility after Bangkok and will strengthen its proposal capabilities for mass production customers located in Hanoi.

In China, we opened a new office in Qingdao, and in Japan, we opened new sales offices in BTC Nagano and Hokuriku. We also carried out the expansion and relocation of BTC North Kanto in Gunma and the renewal of BTC Tokyo.

We will continue to strengthen our sales and service facilities and personnel in priority regions, deliver value to our customers by improving our ability to respond in detail and quickly, and aim for significant sales growth.

Introduced new products to meet the diversifying needs of customers and eliminate barriers.

Major products launched in FY2025

Increased tool-capacity model S700Xd2-100T/ U500Xd2-100T



S700Xd2-100T



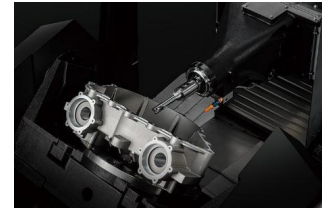
The world's first* 100-tool magazine for a compact machining center, capable of mounting 100 tools. It supports high-mix, small-lot production and meets process consolidation and automation needs.

*First for a BT30 spindle compact machining center

Horizontal 5-axis machining center HU550Xd1/ HU550Xd1-5AX



HU550Xd1



- A model featuring a large tilting rotary table on a horizontal machining center
- Maintaining the high productivity of a BT30 spindle while also handling large parts that require indexing to multiple machined surfaces, thereby contributing to process consolidation

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These are the main products launched in FY2025.

Introducing the tool increase model and the horizontal 5-axis machining center.

The S700Xd2-100T and U500Xd2-100T are the world's first 100-tool magazine that can be loaded with 100 tools in a small machining center with a spindle of 30. We are responding to high-mix, small-lot production and enhancing our ability to meet the needs of process intensification and automation.

In addition, the HU550Xd1 and HU550Xd1-5AX are horizontal 5-axis machining centers equipped with a large inclined rotary table to handle large and long workpieces that require multi-sided machining. We contribute to the process consolidation of customers.

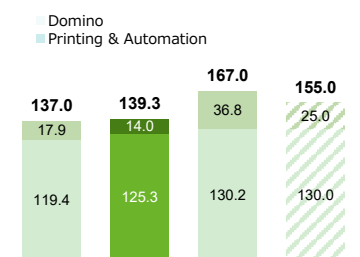
We will strengthen our ability to respond to diversifying customers needs and eliminate barriers in the field, and provide customers with the ability to respond to them. We are expanding our lineup that contributes to strengthening the competitiveness of manufacturing.

Despite the challenging business environment facing Printing & Automation, strengthened the business foundation by expanding the product lineup and making MUTOH HOLDINGS a consolidated subsidiary. Promoting initiatives to position the entire IP business as a growth engine for the Brother Group.

Key indicator trends (Billion yen)

Role of the business **Growth business**

Key indicator **Sales revenue**



Assumed exchange rate	USD	EUR
	152.48	163.62
	150.97 yen	174.54 yen
	150.00	180.00
	145.00	155.00

*Sales figures for FY2026 and beyond include MUTOH Holdings

Initiative status of key themes

FY2025 progress

Expand product and business areas

- [Domino] Strengthened the product lineup by introducing products with lower initial setup costs. Promoted the acquisition of new customers.
- [Printing & Automation] Launched Brother's first DTF* printer and restructured the product lineup.

Strengthen service and solution businesses

- [Printing & Automation] Launched a new model of garment printer featuring fully automated pre- and post-processing to help improve customer productivity.

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

This is about the progress of the Industrial Printing Business.

This business consists of two segments: the Domino and the Printing & Automation, which was included under Industrial Sewing Machines in the Machinery Business until fiscal year 2024.

The Industrial Printing Business is a Growth Business, we position it as the second pillar in our efforts to expand the industrial area. The key metric is sales revenue.

Sales revenue for FY2025 was 139.8 billion yen for Domino and Printing & Automation combined. Domino's sales increased mainly due to strong consumables, while Printing & Automation decreased due to the deterioration of the competitive environment, mainly in Europe and the United States.

In response to the key theme of "expanding products and business areas," Domino has expanded its lineup to attract new customers by introducing multiple products with low initial introduction costs. In terms of Printing & Automation, Brother has released its first DTF garment printer. In fiscal 2026, we will work on full-scale sales expansion.

In response to the "strengthening of the service and solution businesses", we launched a new model of garment printer with fully automatic solutions including front and rear processes. This will lead to a contribution to improving customers' productivity.

The results of the Printing & Automation in FY26 include MUTOH Holdings, which has become a consolidated subsidiary. Together with MUTOH Holdings, we will strengthen the foundation of the entire Industrial Printing Business and promote initiatives to become the growth engine of the Brother Group throughout the business.

In Domino business, expanded customer base by launching products with lower initial setup costs. In Printing & Automation business, aiming for recovery by expanding lineup, including Brother's first DTF* garment printer.

Major products launched in FY2025

Large character inkjet printer for printing on boxes Cx150i



Cx150i

- A compact, high-resolution piezoelectric inkjet printer designed for both non-porous and porous boxes
- Enables sustainable and efficient packaging processes through reduced environmental impact, reduced waste, and enhanced connectivity

Digital label printer N410



N410

- The most compact digital LED inkjet label printer in the N Series with the lowest initial setup costs
- Combines high productivity and environmental performance with a robust support system to help enhance customer competitiveness

Industrial DTF* printer DTRX100



DTRX100

- A roll-to-roll DTF printing solution realizing high-speed, stable production
- Combines in-house industrial print head technology with proprietary inks and advanced maintenance features to deliver high durability and productivity



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

These are the main products launched in FY2025.

In the Domino Business, we started selling the Cx150i direct printing printer for corrugated cardboard and the N410 digital label printer

Both products will be products with low initial introduction costs, and we will accelerate our proposals to new customers.

The Cx150i is a compact, high-resolution piezo inkjet printer for corrugated board. It is designed as a more economical product compared to traditional labeling secondary packaging solutions. Reducing environmental impact by using vegetable oil-based inks and reducing label and release paper.

The N410 is the most compact and low-upfront digital LED inkjet label printer in the N series of digital label printers. By combining LED technology's reduced environment footprint, space savings, and Domino's robust support system, we help customers strengthen their competitive edge.

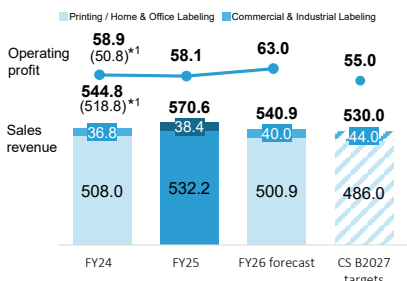
In the Printing & Automation, Brother launched the first industrial DTF printer, the DTRX100. By combining Brother's industrial printhead technology, proprietary inks, and advanced serviceability, this product delivers high productivity even in demanding production environments. In FY2026, we will expand sales in earnest and accelerate business growth again.

Continued initiatives aimed at future growth while maintaining solid revenue based on existing areas.

Key indicator trends (Billion yen)

Role of the business **Core business**

Key indicator **Operating profit**



Assumed exchange rate	USD	152.48	150.97 yen	150.00	145.00
EUR	163.62	174.54 yen	180.00	155.00	

Initiative status of key themes

FY2025 progress

Expand businesses with continuous ties to customers

- Launched a service platform to maintain continuous ties to customers in Europe and the U.S. and strengthened customer touchpoints to increase LTV²

Expand the Commercial & Industrial Labeling business

- Promoted solution proposals tailored to key applications and drove application development to expand future sales

Strengthen profitability in existing areas

- Introduced more competitive new products for the inkjet and color laser printer markets, where there is room for our growth

*1: Based on the exchange rate used in CS B2027, FY2024 revenue was 518.8 billion yen and operating profit was 50.8 billion yen (Reference values with exchange rate conversion are estimates based on the sensitivity of exchange rates to the JPY based on the sales revenue / cost of sales / SG&A denominated in foreign currencies)

*2: LTV: Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services.

We will explain the progress of the P&S Business.

P&S is positioned as a Core Business that supports Brother's earnings base, and the key indicators are the amount of operating profit.

Operating profit in fiscal 2025 was 58.1 billion yen, almost the same level as the previous year, partly due to foreign exchange losses and other factors.

The focus themes are "Expanding businesses with continuous ties to customers for the next growth", "Expanding Commercial & Industrial Labeling business", and "Strengthening profitability in existing areas".

For Expanding businesses with continuous ties to customers, we have started providing a service platform that continuously connects with customers in Europe and the United States. We will strengthen contact points with customers to expand LTV.

For the Expanding Commercial & Industrial Labeling business, we are concentrating our resources on our focus applications, proposing solutions, and working to create a winning strategy. Through collaboration not only with our own company but also with external partners, we are strengthening our ability to propose integrated equipment, consumables, and services.

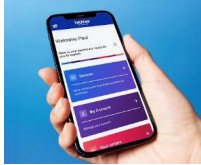
In addition, for Strengthening profitability in existing areas, we launched new products with inkjet and color lasers.

By developing competitive products in markets where there is room for growth for our company, we will further increase sales and expand our market share.

For businesses with continuous ties to customers, launched service with continuous ties to customers for B2C in Europe and the U.S. to increase LTV*. In existing areas, launched new products in the key areas of inkjet and color laser printer markets, aiming for further growth.

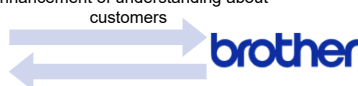
Launched service with continuous ties to customers for B2C

A system with continuous ties to customers that delivers optimal value based on usage patterns



connect.

- Increase in genuine consumable ratio
- Enhancement of understanding about customers



- Extended warranties for the product itself and discounts on the official online store
- Improved convenience through the app

* LTV: Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services.

Updated product lineup of inkjet and color laser printers



MFC-J7610CDW



DCP-J929N-W



DCP-T430W



MFC-L8970CDW

A3 business inkjet printers

- Achieves both high-speed printing and high durability thanks to Brother's proprietary MAXIDRIVE inkjet printing technology
- Contributes to reducing costs through the use of high-capacity cartridges
- Reduces environmental impact by lowering power consumption

A4 inkjet printers

- Updates the cartridge model for developed countries and the bottle model for emerging markets
- Achieves a more compact body size than before while maintaining the same cartridge and bottle capacities

Color laser printers

- This is designed for long-term use with a highly durable body and high-capacity toner
- Reduces environmental impact by lowering CO₂ emissions over the product's lifecycle
- Flexible installation options thanks to a compact design

This is progress on businesses with continuous ties to customers and strengthening profitability in existing areas.

In the businesses with continuous ties to customers, we have started providing a service platform for BtoC in Europe and the United States.

We provide each of our customers with a more convenient and comfortable printing experience through extended product warranties, discount programs on our official online store, and app-based features such as checking consumable levels and operating printers remotely.

We stay continuously connected with our customers to deliver optimal value tailored to their usage patterns.

In the existing areas, we expanded our lineup by expanding new products in the inkjet and color laser markets, aiming to further expand market share.

In the A3 business inkjet category, we launched products equipped with "MAXIDRIVE," its proprietary inkjet printhead technology. These products achieve both high-speed printing and high durability, while also reducing costs through large-capacity cartridges and lowering power consumption.

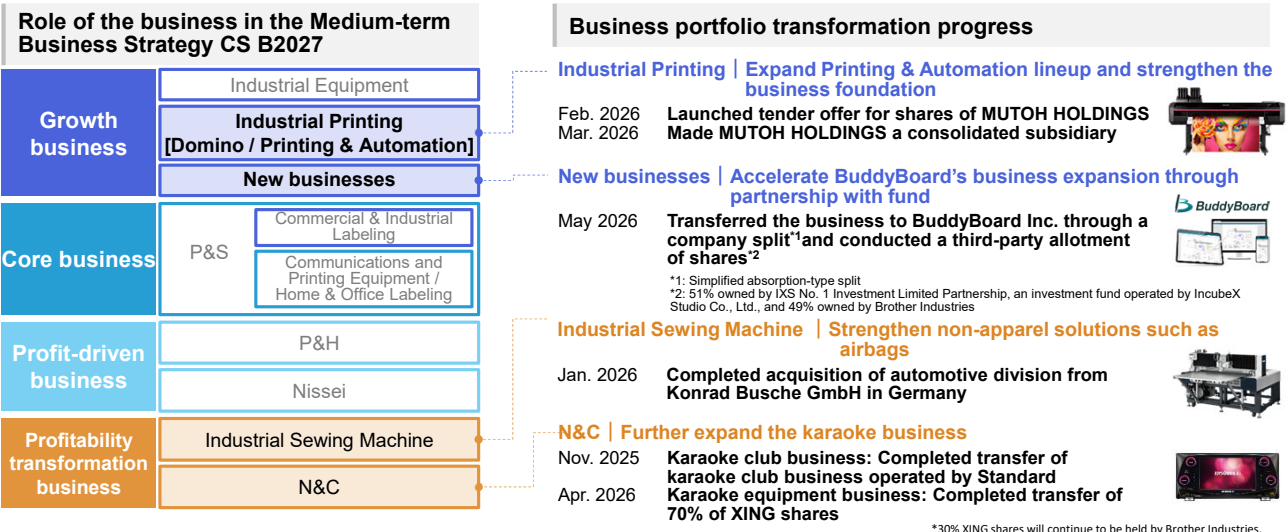
In the A4 inkjet category, we launched cartridge models for developed markets and bottle models for emerging markets, achieving a more compact hardware design while maintaining consumable capacity.

In addition, we have released a flagship model of color lasers, which are designed to be used longer by customers due to the high durability of the main body and large-capacity toner, as well as smaller sizes, high-speed printing, and improved serviceability.

The P&S Business will continue to play a role in supporting stable earnings across the company by further enhancing the profitability of existing areas.

Strategic investment progress

Implemented M&A to enhance profitability and drive business growth while deciding to divest* the karaoke business. Continuing to accelerate business portfolio transformation, including through M&A.



It is about the progress of strategic investment.

In FY2025, the first year, in accordance with the strategic policy set forth in CS B2027, we accelerated the restructuring of existing businesses and the transformation of our business portfolio, including M&A.

First, we would like to talk about the two businesses that we have positioned as Growth Business.

In the Industrial Printing Business, we made a public disclosure of shares of MUTOH Holdings and made it a consolidated subsidiary in March 2026. We welcomed them to the Brother Group.

We will expand our lineup in the industrial printer field and strengthen our business foundation.

In the new business, the business related to the work communication software service "BuddyBoard" was split into a company and BuddyBoard Co., Ltd. We took over to the company. Through cooperation with the fund, we will accelerate the expansion of business scale by leveraging the knowledge unique to the SaaS business, the construction industry, and the talents who possess them.

And about the two businesses that we have positioned as Profitability transformation business.

In the N&C Business, we have decided to transfer it in order to achieve further growth in the karaoke business.

In November 2025, we transferred the business of Standard Co., Ltd., which operates karaoke shops and other businesses, to Koshidaka Holdings Co., Ltd.

Subsequently, in April 2026, we completed the transfer of 70% of the shares of XING Co., Ltd., which sells karaoke systems, to U-NEXT HOLDINGS Co., Ltd.

Industrial sewing machine of Machinery Business in January 2026, the company completed the business transfer of the automotive division of Konrad Busche, a German company with strengths in the solution proposal business for industrial sewing machines, mainly in Europe. We will accelerate growth and profitability improvement in the non-apparel area, mainly automotive interior parts such as airbags.

Through the Tender Offer, we aim not only to secure a product lineup and market position in Printing & Automation area where we seek growth, but also to enhance corporate value by strengthening the business foundations of both companies.

Expanding the business by complementing product lineups

Synergy

■ Main Products of both Companies

Background Color : Brother products Background Color : MUTOH products Ink Type

Usage	Textiles/Soft Signs	Goods/Multi-Purpose Printing	Sign & Graphics
Roll to Roll Printers* <small>*Printers for printing on roll media</small>	Dye-Sublimation 	Multi-Purpose Ink Solvent 	Water-based UV Solvent Latex UV
Flatbed Printers Large	Pigment Garment printer 	Multi-Purpose Ink 	UV
Desktop	Pigment Garment printer 	Pigment Button badge maker UV 	

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

We would like to add information about MUTOH Holdings (hereinafter referred to as MUTOH). On March 30, 26, MUTOH was made a consolidated subsidiary.

MUTOH is a company with a rich lineup and brand power in Wide-format printers and inks, and a consistent business foundation from development, manufacturing, sales, and service.

MUTOH's Wide-format printer business is a close area of the Printing & Automation business, centered on Brother's garment printer, and has a very high affinity, expanding its product lineup, and to strengthen the foundation for growth as soon as possible.

PMI has just started, but we have already started working together on each function.

We will accelerate our efforts to create multifaceted synergies, such as improving product and service competitiveness through technical alliances, cross-selling by utilizing sales and service channels and customer bases, reducing manufacturing, procurement, and logistics costs, and improving organizational capabilities through talent exchanges.

Enhancement of the management foundation progress

This is about the progress of strengthening the Management Foundation.

Progress is being made across all areas in strengthening the management foundation that supports business portfolio transformation.

	Policy of CS B2027	FY2025 progress
Integrate and strengthen inkjet technology and expand its applications to diverse fields	<ul style="list-style-type: none"> Expand diverse applications of inkjet technology and strengthen inkjet devices Achieve stable production through enhanced manufacturing capabilities 	<ul style="list-style-type: none"> Expand Brother's proprietary MAXIDRIVE technology into industrial products Promote in-house production of industrial water-based pigment inks
Strengthen talent in key areas	<ul style="list-style-type: none"> Strengthen the talent portfolio in key areas Actively invest in talent development Ongoing initiatives for diversity and engagement 	<ul style="list-style-type: none"> Increase the number of experienced hires and managerial hires in key areas Update and strengthen education programs aimed at developing next-generation leaders
Strengthen company-wide procurement functions (establishment of Centralized Procurement Dept.)	<ul style="list-style-type: none"> Formulate and implement a procurement strategy optimized across all businesses, including the industrial area. Establish Centralized Procurement Dept. to centrally manage procurement operations and carry them out efficiently in collaboration with related departments. 	<ul style="list-style-type: none"> Procure components across all businesses and promote cost reductions through centralized purchasing through the newly established Centralized Procurement Dept. (established in FY2025) Improve stability by visualizing high-risk components and diversifying suppliers
Strengthen quality assurance capabilities	<ul style="list-style-type: none"> Strengthen quality assurance capabilities across all company and business operations, particularly for industrial products. 	<ul style="list-style-type: none"> Maintain high quality standards and strengthen measures to prevent irregularities and nonconformities
Promote company-wide business process efficiency	<ul style="list-style-type: none"> Promote streamlining and standardization of business processes using AI technology. Maximize operational efficiency and productivity to improve organizational performance. 	<ul style="list-style-type: none"> Carry out company-wide efforts toward utilizing AI on an organizational level as planned Analyze the status of generative AI utilization and sequentially roll out specialized applications

We will explain the progress of the Management Foundation theme.

Strengthening the management foundation to support business portfolio transformation is steadily progressing in each area.

First, we are promoting stable production of inkjet technology by developing diverse applications, strengthening inkjet devices, and strengthening manufacturing capabilities. In FY2025, we promoted the deployment of the Brother unique technologies MAXIDRIVE to industrial products, and we also promoted the in-house production of water-based pigment inks for industrial use.

Moves are taking shape to expand the technological assets cultivated for consumer use to industrial use, leading to the strengthening of competitiveness.

In terms of talent, we are promoting continuous efforts to strengthen our talent portfolio in key areas, actively invest in talent development, and diversity and engagement.

In FY2025, we increased the number of experienced and managerial hires in priority areas, and renovated and strengthened educational programs aimed at developing the next generation of leaders.

We are strengthening the human capital base to support the execution of business strategies.

Regarding the strengthening of company-wide procurement functions, we will formulate and develop procurement strategies across all businesses, including Industrial areas, with overall management excellence, and centrally manage procurement operations. We have established a Centralized Procurement Department to coordinate with relevant departments to carry out efficiently. In FY 2025, under the newly established Centralized Procurement Department, we promoted cost reduction through component procurement and centralized purchasing across all businesses. At the same time, we are working to improve stability by visualizing risk components and double-tracking suppliers.

Regarding strengthening quality assurance capabilities, we are working on the theme of strengthening quality assurance capabilities in all businesses throughout the company, especially for industrial products. In fiscal 2025, we maintained a high level of quality and strengthened the prevention of fraud and non-conformity. While utilizing the know-how we have cultivated in the consumer area, we are steadily improving our quality assurance capabilities in the Industrial area.

In addition, regarding the efficiency of company-wide business processes, we are promoting the efficiency and standardization of business processes through the use of AI technology to improve operational efficiency and productivity. In FY2025, efforts for the systematic use of AI throughout the company are progressing as planned, and AI initiatives are expanding from individual use to organizational use.

While analyzing the utilization of generative AI, we are gradually developing specialized applications to improve the convenience and efficiency of AI, thereby maintaining and improving the high utilization rate of employees while improving the efficiency of operations.

Launch the first industrial garment printer to feature Brother's proprietary MAXIDRIVE printhead technology.
Continue to accelerate the expansion of diverse applications with proprietary technology at the core.

Features of MAXIDRIVE

MAXIDRIVE

A proprietary three-layer piezoelectric discharge technology designed to meet demanding industrial printing needs

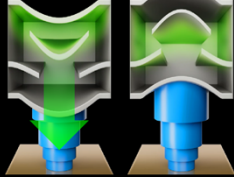
- A three-layer piezoelectric drive achieves large alternating vertical motion, enabling powerful ink discharge.
- Alternating up-and-down drive reduces expansion and contraction fatigue, delivering the durability required for industrial printing.



Typical System
Deforms only downward



MAXIDRIVE
Large alternating vertical deformation



Major products announced in FY2025 using MAXIDRIVE

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

P&S: Consumer business printers

A3 business inkjet printers



NEW Industrial Printing: Industrial garment printers

Industrial DTF*1 printer/DTG*2 printer



Accelerating expansion to meet diverse needs by integrating and refining printheads, ink, and manufacturing capabilities, with inkjet technology at the core

*1: DTF (Direct to Film): A garment printer that prints onto film and then transfers the image onto fabric
*2: DTG (Direct to Garment): A garment printer that prints by applying ink directly to the fabric

This is about the industrial development of Brother's proprietary inkjet printhead technology "MAXIDRIVE".

MAXIDRIVE is Brother's proprietary piezoelectric discharge technology that meets the needs of industrial printing that require high durability. It realizes powerful ink discharge and enables both high service life and high durability.

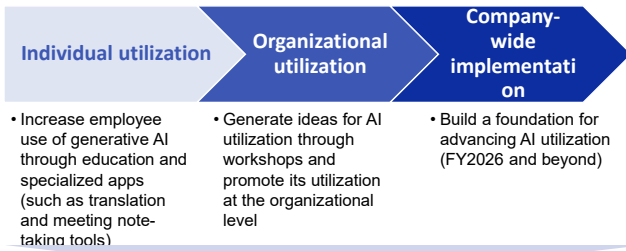
Until now, this technology has been introduced mainly in business inkjet printers for consumer use, but in FY2025, we will also expand it to DTF printers and DTG printers, which are industrial garment printers. This is one of the movements to expand inkjet technology, which has been honed for consumer use, to industrial use in earnest.

We will continue to focus on inkjet technology and refine our printheads, inks, and manufacturing capabilities in an integrated manner to strengthen our competitiveness in industrial applications and accelerate the development of new applications.

AI utilization

Promote the organizational use of AI in business processes while advancing AI utilization to enhance value provided to customers.

AI utilization strategy



Maximize value provided to customers by leveraging AI to enhance and accelerate BVCM*

*Brother Value Chain Management (BVCM): Brother's unique management system that considers customer demands and expectations to be top priority as our guide for all of our business operations, and is designed to quickly provide them with exceptional value

Examples of organizational AI utilization in business

Customer value creation with AI via Artspira creative support app

P&H

Implemented an image generation feature utilizing AI technology in Artspira



Development of a knowledge base utilizing AI

Commercial & Industrial Labeling

Built a foundation for accumulating insights and providing better value propositions to customers



We will explain the progress of AI utilization.

Brother has expanded and used of generative AI by employees through education and the development of specialized apps, and has been promoting the creation of ideas for use at the organizational level through workshops.

In the future, we will work to build a company-wide foundation to further advance AI utilization. By using AI to enhance and accelerate “Brother Value Chain Management” (BVCM) itself, which is the process of creating value for our company, we will not only improve operational efficiency, but also maximize the value we provide to our customers.

As examples of AI utilization in our business, in the P&H Business, we implemented an image generation feature utilizing AI technology in Artspira creative support app. It is a service that uses AI technology to generate images by converting the input photos into the chosen style. The generated images are developed as embroidery, cutting, and printing data to improve the value we provide to our customers.

In addition, in the Commercial & Industrial Labeling business, we have built a knowledge base utilizing AI. By accumulating sales information, product information, and industry expertise, and by integrating and controlling AI agent, we are building a foundation that can handle more complex queries. We will use this foundation for product development, marketing, and customer support to maximize the value we provide to our customers.

We will further advance these initiatives across the company and accelerate value creation utilizing AI.

Materiality and sustainability target progress

This is about the progress of materiality and sustainability target.

Activities such as improving the energy efficiency of products and actively introducing electricity generated from renewable energy sources at offices are progressing.

Sustainability targets (environment)

Currently implementing reduction activities as planned to achieve CS B2027 targets

	Reducing CO ₂ emissions		Promoting sustainable use of resources
	Scope 1, 2	Scope 3	
CS B2027 target values	56% reduction (compared to the FY2015 level)	Per unit of sales*1 25.2% reduction (compared to the FY2022 level)	New resource volume per unit of sales*1 16.9% reduction (compared to the FY2022 level)

*1: CO₂ emissions/Reduction of virgin material usage per unit of sales: An indicator showing CO₂ emissions or virgin material usage relative to sales revenue.
 Formula: CO₂ emissions or virgin material usage per unit of sales = CO₂ emissions or virgin material usage / Sales revenue

Major topics

SPEEDIO S Series of machine tools won the Grand Prize at the Minister of the Environment Awards for Climate Action for the first time



Winning products (from left: S300Xd2, S500Xd2, S700Xd2)

[Reason for winning]

- Achieves significantly higher productivity and energy efficiency through the expansion of new features
- Contributes significantly to technological development that supports the decarbonization of the entire industry

Expanded use of renewable energy at Philippines factory



Brother Industries (Philippines)

- Expanded the proportion of electricity generated from renewable energy sources in total electricity consumption by installing solar power systems on rooftops, among other measures

Brother Group is working Materiality on "Reducing CO₂ emissions" and "Promoting sustainable use of resources".

The target values for CS B2027 are 56% reduction in CO₂ emissions in Scope 1 and 2 compared to FY2015, and 25.2% reduction in CO₂ emissions per unit of sales in Scope 3 compared to FY2022. For promoting sustainable use of resources, we aim to reduce the amount of new resources used per unit of sales by 16.9% compared to FY2022.

In FY 2025, we made progress in activities such as improving the energy efficiency of our products and introducing electricity generated from renewable energy sources at our business sites, and we are implementing reduction activities as planned to achieve our targets.

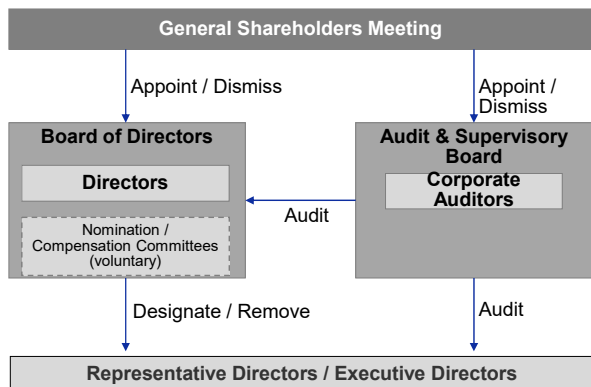
As major topics, SPEEDIO S Series of machine tools won the "Grand Prize at the Minister of the Environment Awards for Climate Action" for the first time. It has been evaluated for achieving both high productivity and energy efficiency through the expansion of new features. This is an example that shows how Brother's environmental initiatives contribute to product competitiveness.

In addition, the Philippines factory is expanding the proportion of electricity generated from renewable energy sources in total electricity consumption by installing solar power systems on rooftops, among other measures.

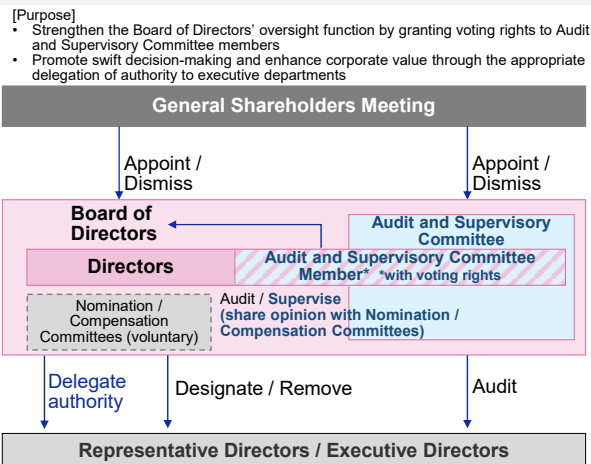
In this way, we are advancing our efforts to decarbonize society as a whole through our company and the products we provide.

Planning to transition to a Company with an Audit and Supervisory Committee, subject to approval at the 134th Ordinary General Meeting of Shareholders to be held in June 2026.

Current structure (Company with an Audit & Supervisory Board)



Post-transition structure (Company with an Audit and Supervisory Committee)



This is about reviewing the corporate structure design to strengthen governance.

Subject to approval at the 134th Ordinary General Meeting of Shareholders to be held in June 2026, the Company plans to transition from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee.

After the transition, the Audit and Supervisory Committee members will be granted voting rights to strengthen the supervisory function of the Board of Directors.

At the same time, we will promote appropriate delegation of authority to the executive department to make quick decisions and to enhance its corporate value.

The aim of this transition is to balance the effectiveness of the supervisory function with the agility of management.

Through this system review, we will further strengthen Supporting value creation through governance, this will lead to increased trust from the capital market and an increase in corporate value over the medium to long term.

[Reference News Release]

March 23, 2026: Notice Regarding Transition to a Company with an Audit and Supervisory Committee.

<https://download.brother.com/pub/com/en/news/2026/260323e-001.pdf>

Financial strategy progress

PBR hovered around 1x; while the stock price has performed steadily, it has underperformed the TOPIX. We will continue efforts to further enhance profitability through the transformation of our business portfolio.

Item	Policy	Current situation	FY27 target
Capital cost	✓ Drive business portfolio transformation while effectively utilizing interest-bearing debt to reduce the cost of equity	Cost of equity: 8-10%	-
Capital profitability	✓ Adopt a basic policy of improving ROE in a sound manner through business growth	ROE FY2025: 9.3 % Five-year* ¹ average: 8.2 %	10%
Market valuation	<ul style="list-style-type: none"> ✓ Aim to continuously enhance shareholder value in accordance with the financial policies of CS B2027 ✓ Strive to further improve PBR and TSR by driving business portfolio transformation through enhanced profitability and continued growth investments 	PBR As of end of FY2025: 0.94x Five-year* ¹ average: 1.00x	-
		TSR (including dividends) FY2025 Company: 110.3% FY2025 Compared to TOPIX: 81.9%	Compared to TOPIX Over 100%
Shareholder returns	<ul style="list-style-type: none"> ✓ Minimum annual dividend of 100 yen per share and target dividend payout ratio of 40% as returns ✓ Plan to repurchase a total of 60 billion yen of our own shares during the CS B2027 period ✓ Consider additional shareholder returns depending on factors such as business performance 	Dividend (per share) FY2025: 100 yen (planned) FY2026: 100 yen (planned)	-
		Share repurchase FY2025* ² : Approx. 20 billion yen FY2026* ³ : 20 billion yen (planned)	

*1: FY2021–2025 *2: May 12, 2025–April 30, 2026 *3: May 11, 2026–April 30, 2027

This is about the current situation and awareness of issues related to the cost of capital and stock prices.

Shareholders' cost of equity is recognized in the range of 8~10% (based on CAPM)

As an indicator of capital profitability, ROE is 9.3% in FY2025 and 8.2% on average over the past five years, and we believe that generating returns that exceed the cost of shareholders equity is an issue.

In terms of market valuation, the price-to-book ratio (PBR) was 0.94 times as of March 31, 2026, and 1.0 times over the past five years (month-end average).

Although the Company's TSR (total shareholders return) remained strong at 110.3% (including dividends) in FY2025, it was 81.9% relative to TOPIX due to growth mainly in semiconductor-related stocks.

It is about shareholders returns.

In light of the progress of growth investment and the impact of the current situation in the Middle East, we plan to pay a dividend of 100 yen per share in FY2025, the same amount as the previous year, and 100 yen per year in FY2026.

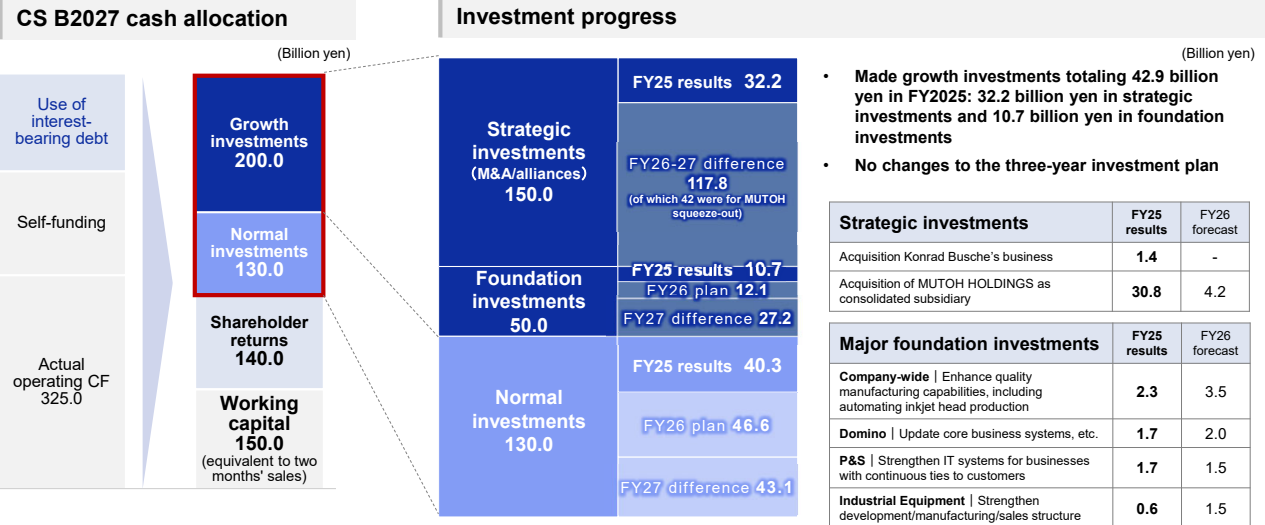
Repurchase of our own shares acquired approximately 20 billion yen in FY2025.

The acquired shares are scheduled to be canceled on June 1, 2026.

In FY2026, we will also conduct repurchase of our own shares up to 20 billion yen.

The shareholder returns of 140 billion yen during the CS B2027 period (80 billion yen in dividends and 60 billion yen in share repurchases) will be steadily implemented, and our policy to consider additional returns according to the situation remains unchanged.

Strategic investments, such as M&A, are progressing steadily; actively making growth investments to accelerate business portfolio transformation.



CS B2027 will execute a large Growth Investment to accelerate the transformation of the Business Portfolio.

The three-year investment plan for CS B2027 envisions 200 billion yen as a Growth Investment. (Breakdown: 150 billion yen for Strategic Investments such as M&A and 50 billion yen for Foundation Investment to support growth)
In addition, we expect 130 billion yen in ordinary investment.

This is about investment progress in FY2025.

As a Strategic Investment, we executed 32.2 billion yen. The acquisition of the automotive division of Konrad Busche of Germany (1.4 billion yen) and the public disclosure of MUTOH Holdings (MUTOH) (30.8 billion yen). In FY2026, approximately 4 billion yen is scheduled to be recorded for the cost of squeezing out MUTOH to become a wholly owned subsidiary.

Foundation Investment was 10.7 billion yen. We are making progress in strengthening our quality manufacturing capabilities, renovating our core business systems, and strengthening our business foundation to connect with customers.

In addition, we have implemented 40.3 billion yen in ordinary investment.

There will be no changes to the investment plan in CS B2027. We will continue to actively invest to accelerate the Transformation of our business portfolio.

CS B2027 is based on the theme of Creating our Future. Boldly. Although there are uncertain risks such as the situation in the Middle East and soaring parts and materials prices in FY26, we will continue to work together as a company this year to achieve CS B2027 and the Brother Group Vision "At your side 2030".

brother
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