

**Progress on the Medium-term
Business Strategy**

CS B2027

May 8, 2026

Brother Industries, Ltd.

Kazufumi Ikeda

Representative Director & President

CS B2027 outline and progress

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.

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**

CS B2027 financial targets and FY2025 results

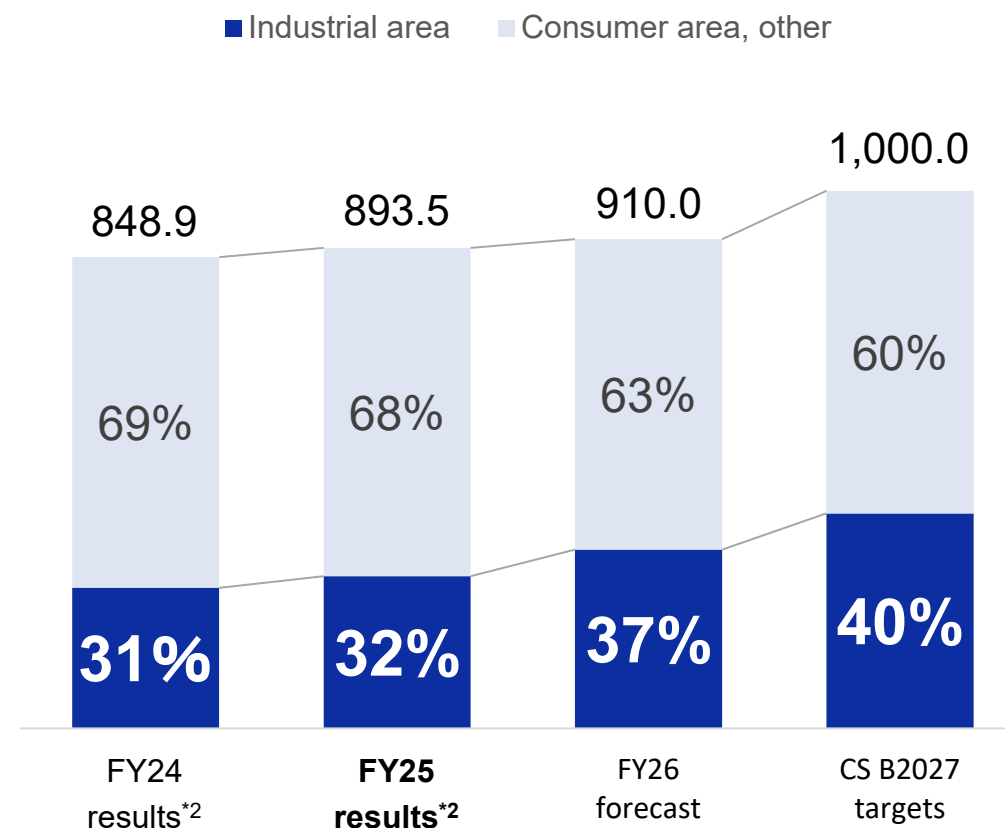
Absorbed the impacts of U.S. tariff policies through countermeasures, resulting in steady business performance.

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 <small>Top priority indicator</small>	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%
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

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.

CS B2027 roles of business units

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) <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="border: 1px solid black; padding: 2px;">Commercial & Industrial Labeling</div> <div style="border: 1px solid black; padding: 2px;">Communications and Printing Equipment / Home & Office Labeling</div> </div>	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

Business strategy progress

Industrial Equipment | Key indicators and themes

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

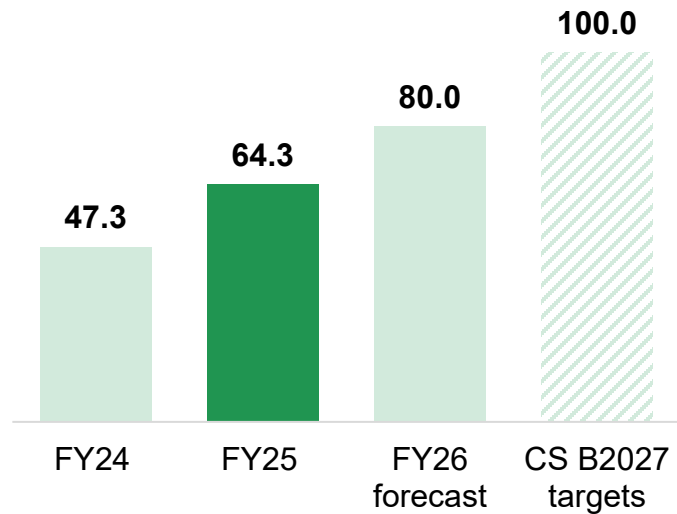
(Billion yen)

Role of the business

Growth business

Key indicator

Sales revenue



Initiative status of key themes

FY2025 progress

Strengthen value proposition to customers

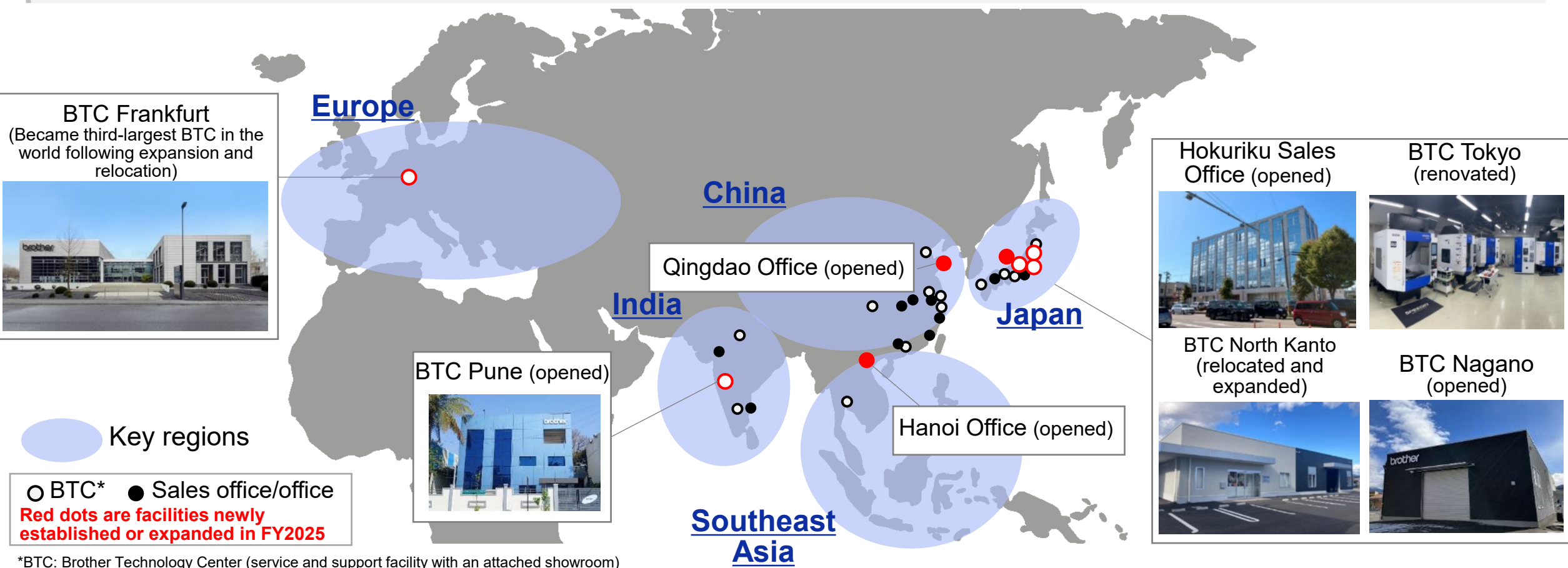
- Reinforced sales and service facilities and human resources in key regions. In addition to China, India, and Japan, also expanded facilities in newly designated key regions such as Europe and Southeast Asia
- Launched multiple new products to meet process consolidation and automation needs and strengthened 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

Industrial Equipment | Strengthen value proposition to 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



*BTC: Brother Technology Center (service and support facility with an attached showroom)

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



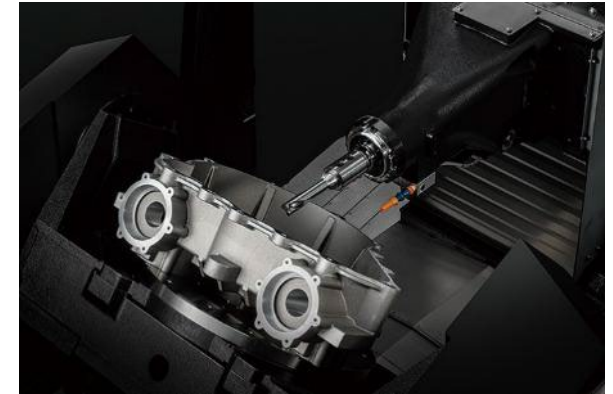
The world's first* 100-tool magazine for a compact machining center, capable of mounting 100 tools. It supports high-mix, small-lot production and meets process consolidation and automation needs.

*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

Industrial Printing | Key indicators and themes

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

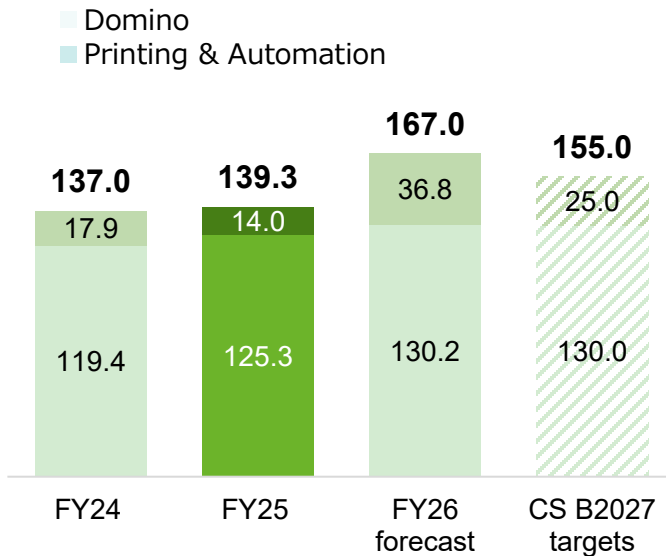
(Billion yen)

Role of the business

Growth business

Key indicator

Sales revenue



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.

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

*Sales figures for FY2026 and beyond include MUTOH Holdings

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

Industrial Printing | Expand product and business areas

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

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

Key indicator trends

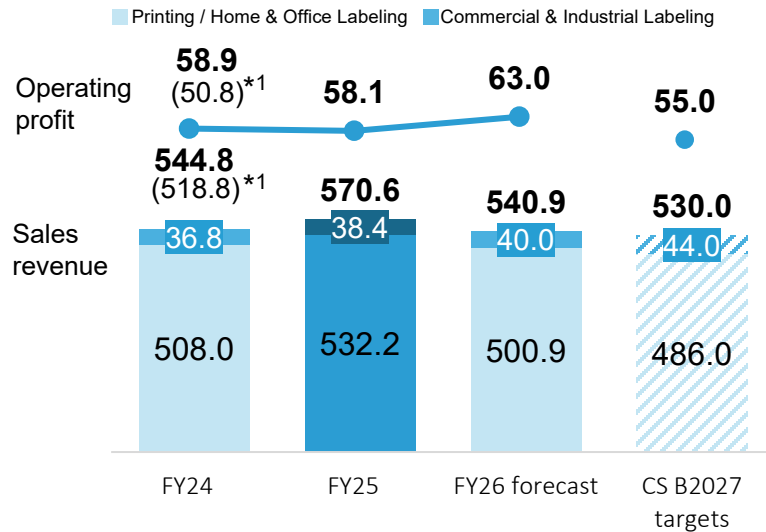
(Billion yen)

Role of the business

Core business

Key indicator

Operating profit



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 LTV*2

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

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

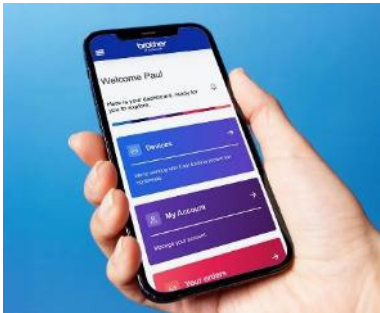
*1: Based on the exchange rate used in CS B2027, FY2024 revenue was 518.8 billion yen and operating profit was 50.8 billion yen (Reference values with exchange rate conversion are estimates based on the sensitivity of exchange rates to the JPY based on the sales revenue / cost of sales / SG&A denominated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

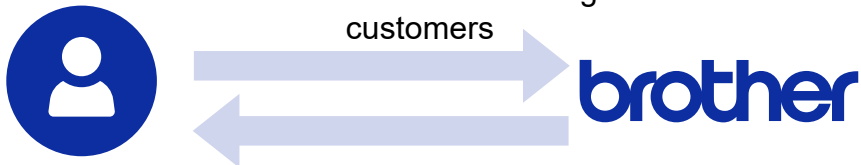
For businesses with continuous ties to customers, launched service with continuous ties to customers for B2C in Europe and the U.S. to increase LTV*. In existing areas, launched new products in the key areas of inkjet and color laser printer markets, aiming for further growth.

Launched service with continuous ties to customers for B2C

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



- 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

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.

Role of the business in the Medium-term Business Strategy CS B2027

Growth business	Industrial Equipment
	Industrial Printing [Domino / Printing & Automation]
	New businesses
Core business	P&S <ul style="list-style-type: none"> Commercial & Industrial Labeling Communications and Printing Equipment / Home & Office Labeling
	P&H
Profit-driven business	Nissei
	Industrial Sewing Machine
Profitability transformation business	N&C

Business portfolio transformation progress

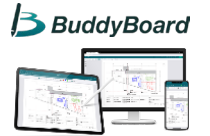
Industrial Printing | Expand Printing & Automation lineup and strengthen the business foundation

Feb. 2026 Launched tender offer for shares of MUTOH HOLDINGS
 Mar. 2026 Made MUTOH HOLDINGS a consolidated subsidiary



New businesses | Accelerate BuddyBoard's business expansion through partnership with fund

May 2026 Transferred the business to BuddyBoard Inc. through a company split*1 and conducted a third-party allotment of shares*2



*1: Simplified absorption-type split
 *2: 51% owned by IXS No. 1 Investment Limited Partnership, an investment fund operated by IncubeX Studio Co., Ltd., and 49% owned by Brother Industries

Industrial Sewing Machine | Strengthen non-apparel solutions such as airbags

Jan. 2026 Completed acquisition of automotive division from Konrad Busche GmbH in Germany



N&C | Further expand the karaoke business

Nov. 2025 Karaoke club business: Completed transfer of karaoke club business operated by Standard
 Apr. 2026 Karaoke equipment business: Completed transfer of 70% of XING shares



*30% XING shares will continue to be held by Brother Industries.

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
Size/Type				
Roll to Roll Printers*		Dye-Sublimation 	Multi-Purpose Ink Solvent 	Water-based UV Solvent
			Multi-Purpose Ink 	Latex UV
Flatbed Printers	Large	Pigment Garment printer 		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

Enhancement of the management foundation progress

Management foundation theme progress

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

- Expand diverse applications of inkjet technology and strengthen inkjet devices
- Achieve stable production through enhanced manufacturing capabilities

- Expand Brother’s proprietary MAXIDRIVE technology into industrial products
- Promote in-house production of industrial water-based pigment inks

Strengthen talent in key areas

- Strengthen the talent portfolio in key areas
- Actively invest in talent development
- Ongoing initiatives for diversity and engagement

- 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.)

- 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.

- 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

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

- Maintain high quality standards and strengthen measures to prevent irregularities and nonconformities

Promote company-wide business process efficiency

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

- 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

Inkjet Technology | Expand MAXIDRIVE into industrial products

Launch the first industrial garment printer to feature Brother's proprietary MAXIDRIVE printhead technology.

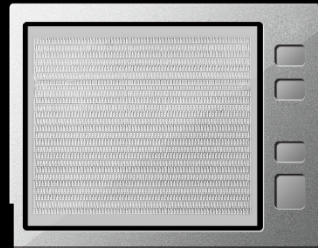
Continue to accelerate the expansion of diverse applications with proprietary technology at the core.

Features of MAXIDRIVE

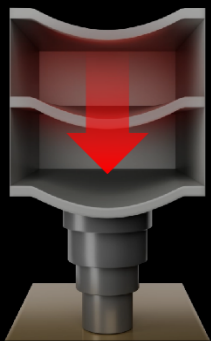
MAXIDRIVE

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

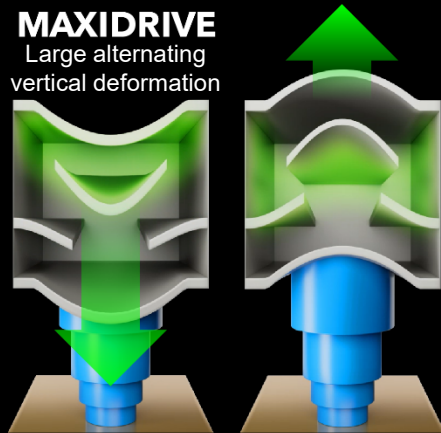
- A three-layer piezoelectric drive achieves large alternating vertical motion, enabling powerful ink discharge.
- Alternating up-and-down drive reduces expansion and contraction fatigue, delivering the durability required for industrial printing.



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



DTRX100



New DTG 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

AI utilization

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

AI utilization strategy



- Individual utilization**
 - Increase employee use of generative AI through education and specialized apps (such as translation and meeting note-taking tools)
- Organizational utilization**
 - Generate ideas for AI utilization through workshops and promote its utilization at the organizational level
- Company-wide implementation**
 - Build a foundation for advancing AI utilization (FY2026 and beyond)



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



[Input example]

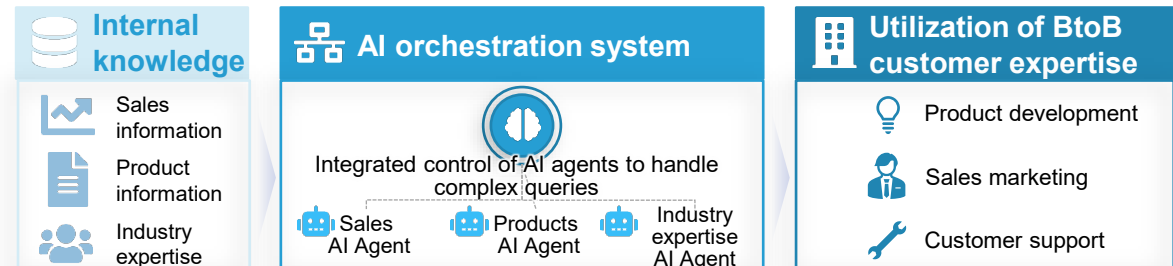


[Output example]

Development of a knowledge base utilizing AI

Commercial & Industrial Labeling

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



Materiality and sustainability target progress

Reducing CO₂ emissions / Promoting sustainable use of resources

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

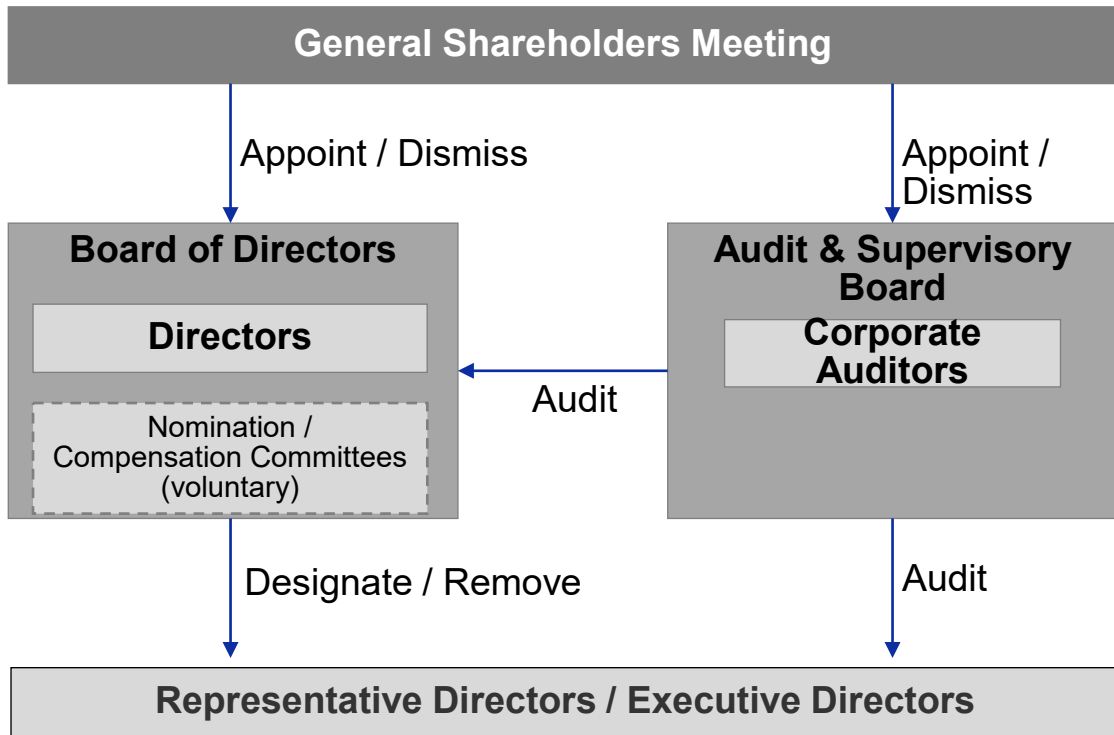


Brother Industries (Philippines)

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

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.

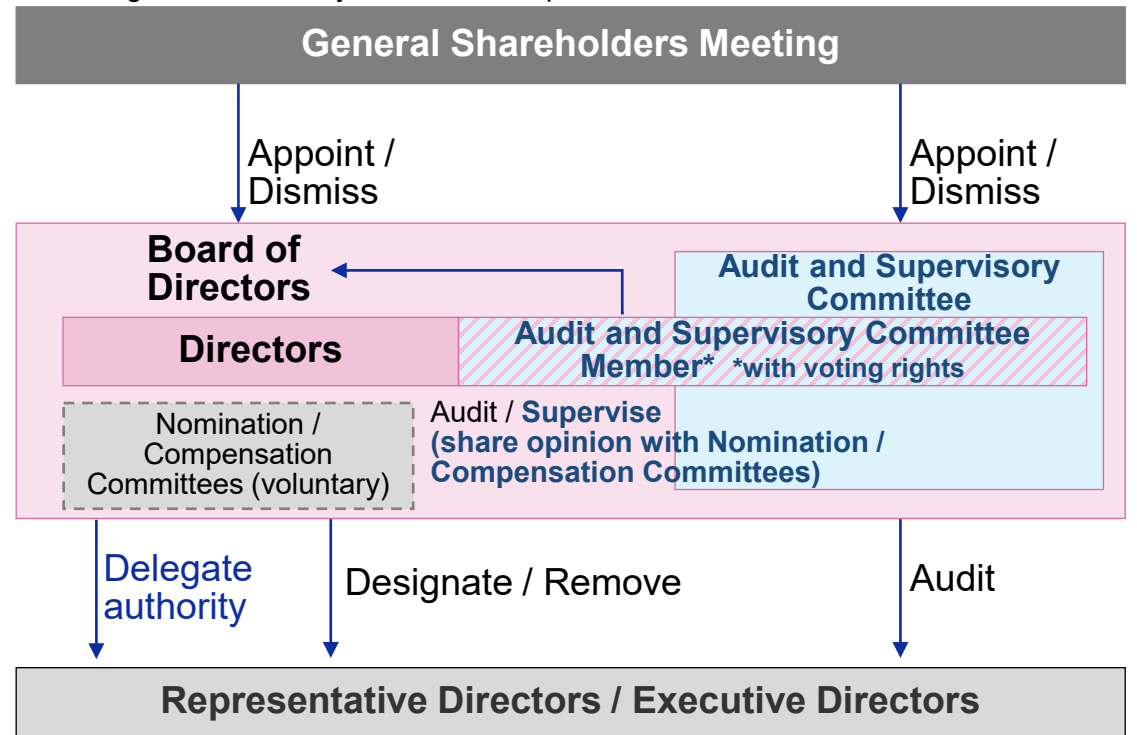
Current structure (Company with an Audit & Supervisory Board)



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

[Purpose]

- Strengthen the Board of Directors' oversight function by granting voting rights to Audit and Supervisory Committee members
- Promote swift decision-making and enhance corporate value through the appropriate delegation of authority to executive departments



Financial strategy progress

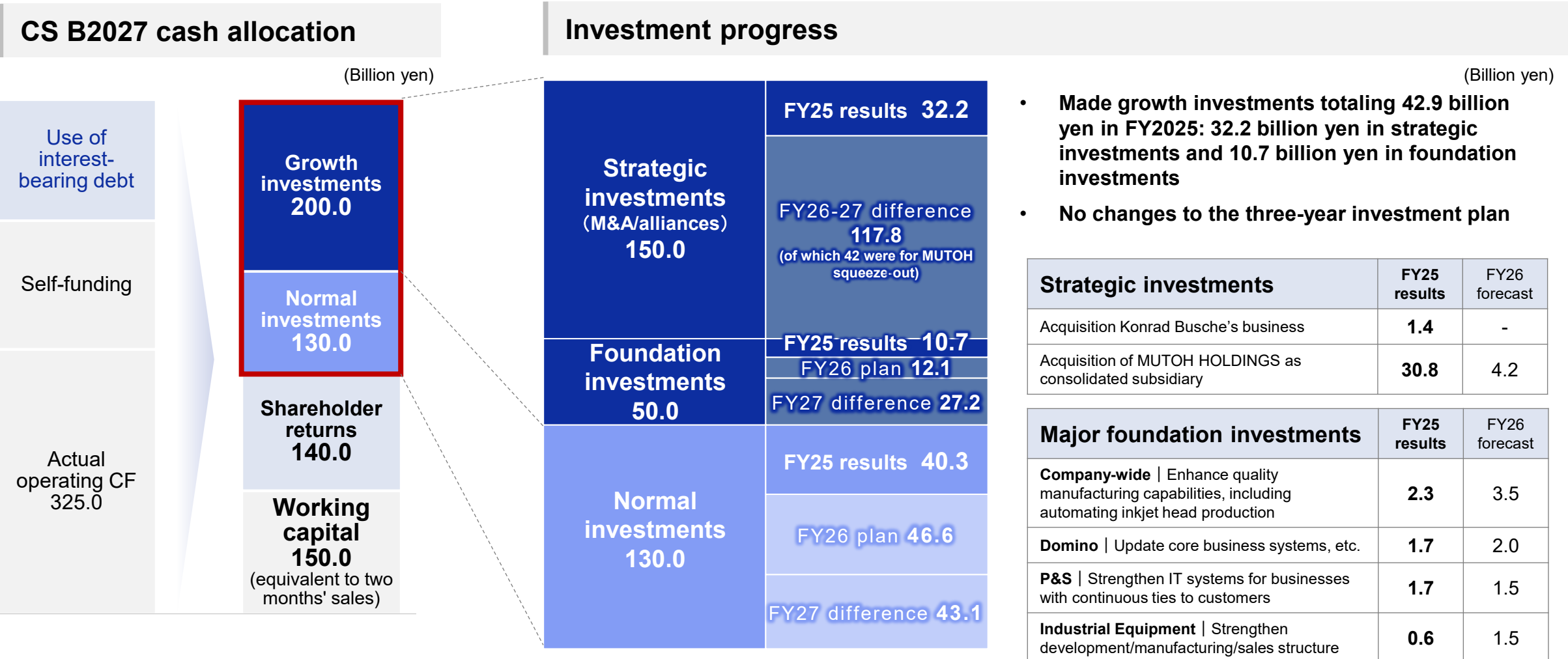
Capital cost and share price (current situation and awareness of issues)

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	<ul style="list-style-type: none"> ✓ Drive business portfolio transformation while effectively utilizing interest-bearing debt to reduce the cost of equity 	Cost of equity: 8-10%	-
Capital profitability	<ul style="list-style-type: none"> ✓ 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

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



brother
at your side