

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

Two years have passed since the medium-term business strategy (FY2022–2024) was formulated to achieve the 2030 vision; the current fiscal year is the final year.

We are working to transform our business portfolio and management foundation.

Brother Group Vision At your side 2030

Our Purpose

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

Our Approach

We identify and eliminate barriers to customers’ success by utilizing our unique technologies and global network.

Our Focus Areas

- Industrial - Become a trusted, invaluable solutions partner.
- Printing - Continue leading print innovation and pioneering new offerings.

Medium-term business strategy CS B2024

At your side
2030 Achieving the vision

CS B2024 “Take off towards our new future”

Towards expansion in the Industrial area

- ✓ Achieve significant growth in Industrial Equipment business
- ✓ Accelerate growth in Domino business

Business portfolio transformation

Towards the business portfolio of the future

Towards transformation in the Printing area

- ✓ Accelerate P&S business model transformation

Management foundation transformation for a sustainable future

- ✓ Undertake environmental efforts towards carbon neutrality
- ✓ Enhance and expand connections with customers



Evolve BVCM



Encourage employees to take on challenges



Improve employee engagement

Medium-term strategy “CS B2024” |

Financial targets and values with exchange rate conversion

Yen (JPY) has depreciated rapidly since May 2022, when medium-term business strategy was announced; if original targets are converted to the current exchange rate level, sales revenue expands significantly but operating profit ratio and ROE remain almost the same

	CS B2024 financial targets [original]	CS B2024 financial targets [reference values with exchange rate conversion*1]			
	Exchange rate assumption 1USD=108JPY / 1EUR=125JPY	Exchange rate assumption 1USD=145JPY / 1EUR=155JPY			
Sales revenue	800 billion yen	954 billion yen			
	<table><tr><td>Breakdown (Priority businesses)</td><td>Industrial Equipment business: 100 billion yen Domino business: 100 billion yen P&S business: 430 billion yen</td></tr></table>	Breakdown (Priority businesses)	Industrial Equipment business: 100 billion yen Domino business: 100 billion yen P&S business: 430 billion yen	<table><tr><td>Breakdown (Priority businesses)</td><td>Industrial Equipment business: 103.5 billion yen Domino business: 118 billion yen P&S business: 540 billion yen</td></tr></table>	Breakdown (Priority businesses)
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Breakdown (Priority businesses)	Industrial Equipment business: 103.5 billion yen Domino business: 118 billion yen P&S business: 540 billion yen				
Operating profit ratio (profit ratio for the period*2)	10.0% at least (7.0% at least)	Approx. 10% (approx. 7%)			
ROE	10.0% at least (above capital cost)	Approx. 10%			

*1: Reference values with exchange rate conversion are estimates based on the sensitivity of exchange rates to the JPY based on the latest estimates for FY2023 sales revenue/cost of sales/SG&A denominated in foreign currencies

*2: Profit for the period attributable to owners of the parent company (assuming a corporate tax rate of 30%)

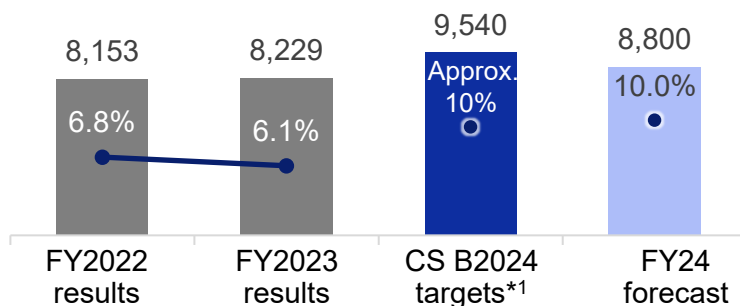
CS B2024 financial targets (values with exchange rate conversion) and FY2024 forecast

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

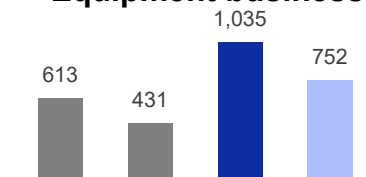
	CS B2024 financial targets*1	FY2024 forecast
Sales revenue	954 billion yen	880 billion yen
Operating profit ratio	Approx. 10%	10%
ROE	Approx. 10%	9.3%

Sales revenue & Operating profit ratio (100 Millions yen)



Sales revenue of priority businesses (100 Millions yen)

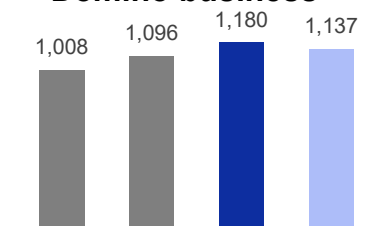
Industrial Equipment business



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

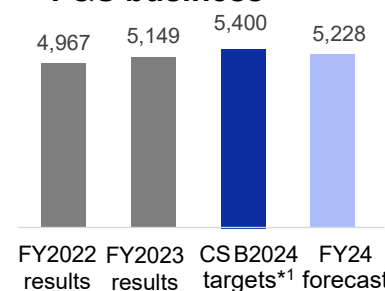
Domino business



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

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

P&S business



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

Towards business portfolio transformation

Towards expansion in the Industrial area

Industrial equipment business | Enhancing product lineup

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Almost all lineups of machine tools have renewed since FY2022, when the medium-term strategy CS B2024 started; launched new Series U and H and expanded models supporting simultaneous 5-axis machining

➤ Renewed from C00 control to D00 control (excluding Series F)

New ...New product launched since FY2022

5 AX ...Model capable of simultaneous 5-axis machining

S-series Standard models

S300Xd1/S500Xd1/S700Xd1



W-series For larger workpieces

W1000Xd2



R-series Equipped with pallet changer

R450Xd1/R650Xd1



U-series Multi-face machining

U500Xd1



F-series High rigidity

F600X1



M-series Multi-tasking machine

M200Xd1/M300Xd1



H-series Horizontal machining center

H550Xd1



Peripherals

Rotary Table
T-200A/T-200Ad



Loading System
BV7-870Ad



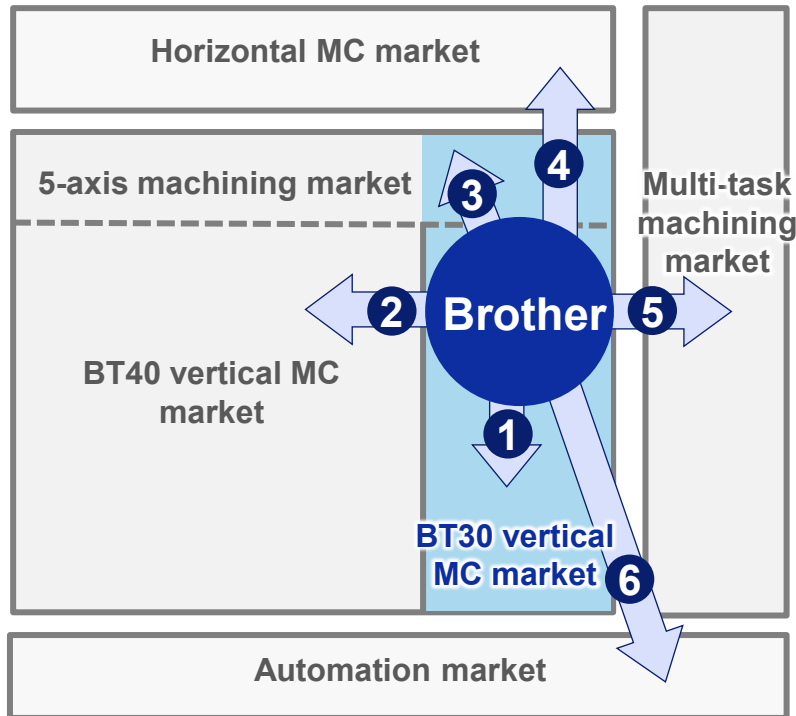
Towards expansion in the Industrial area

Industrial equipment business | Target market

Significant lineup enhancement and renewal, enabling machining of large workpieces and complex shapes;
actively expand business into neighboring areas
by providing value beyond the framework of BT30 vertical MC*1

Image of expanding reach market by enhancing product lineup*2

- Enhanced product lineup enables support for **large workpieces, complex shape machining, multi-task machining, and automation**



- 1 Expand lineup to increase market share in the BT30 market
- 2 Replace BT40 MC by introducing models for large workpieces such as the W-series and improving machining capabilities
- 3 Move towards 5-axis machining market with simultaneous 5-axis models capable of machining complex shapes
- 4 Launch the BT30 horizontal H-series to the horizontal MC market, which is dominated by the BT40 machines
- 5 Move towards the multi-task machining market by enhancing the M-series lineup equipped with lathe functions
- 6 Move towards the automation market by proposing solutions in combination with peripherals and robots

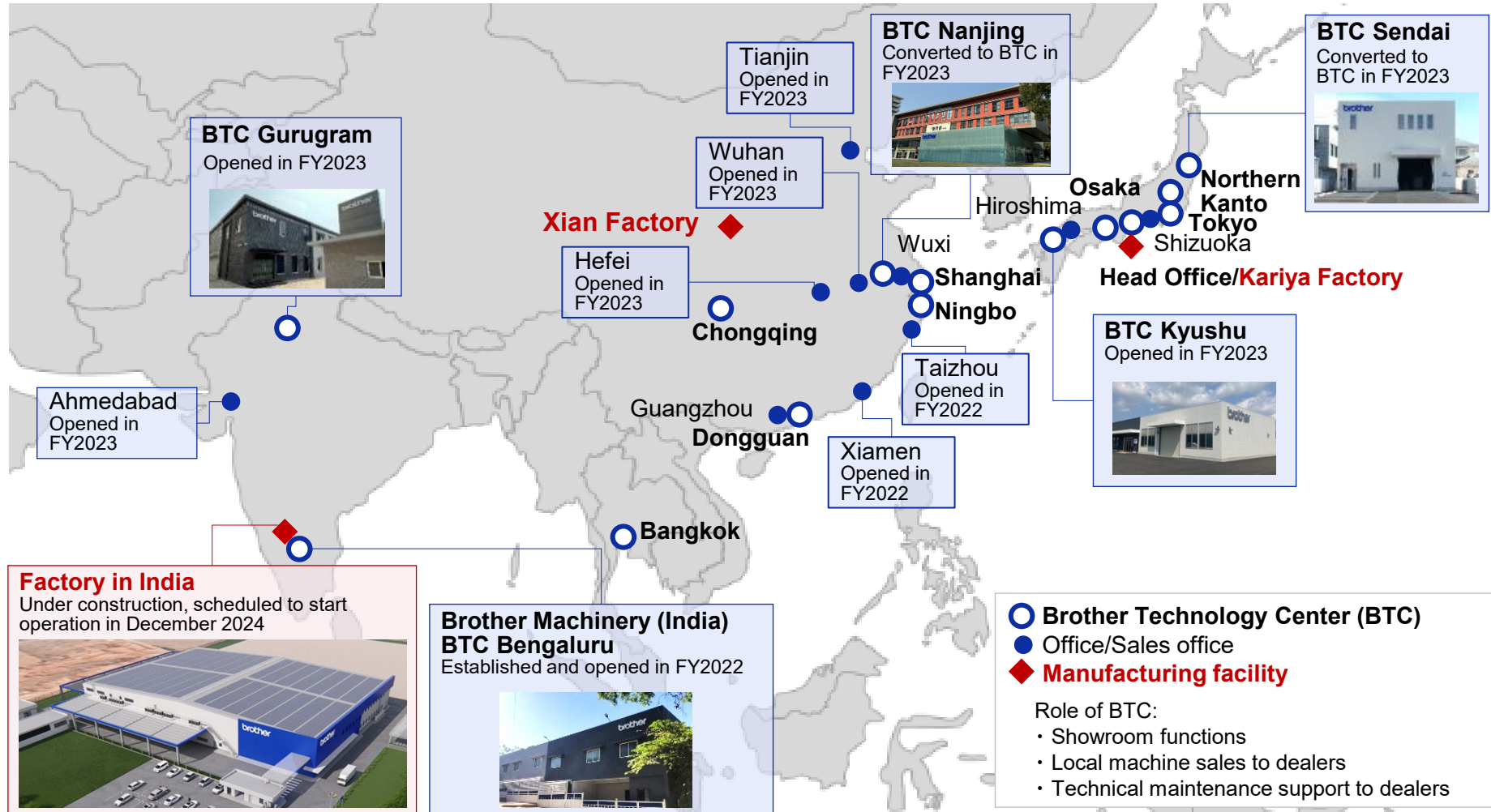
*1 Machining center

*2 Does not represent actual market size

Towards expansion in the Industrial area

Industrial equipment business | Expanding manufacturing and sales facilities

Opened 5 Brother Technology Centers (BTCs) and 6 offices/sales offices in the priority areas of China, India, and Japan in FY2022–2023; new factory in India under construction to begin operation in December 2024



Towards expansion in the Industrial area

Domino business | Enhancing product lineup

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

Gx Series cartridge type thermal inkjet printers



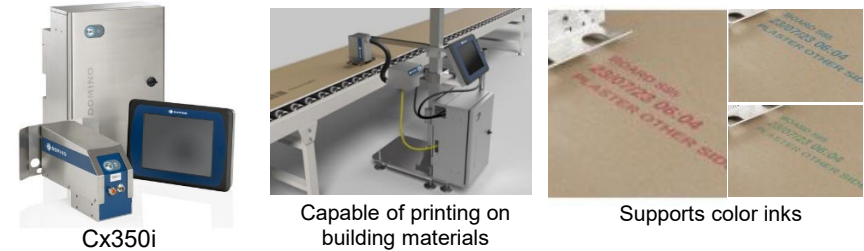
Gx350i

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

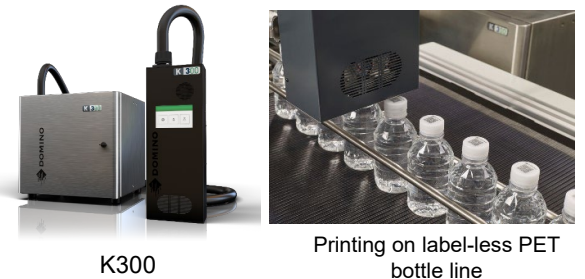


Vx150i

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

Towards expansion in the Industrial area

Domino business | Providing value throughout the manufacturing process

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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

Improving productivity and traceability by providing **automation software** that links **printing data to manufacturing ERP system**

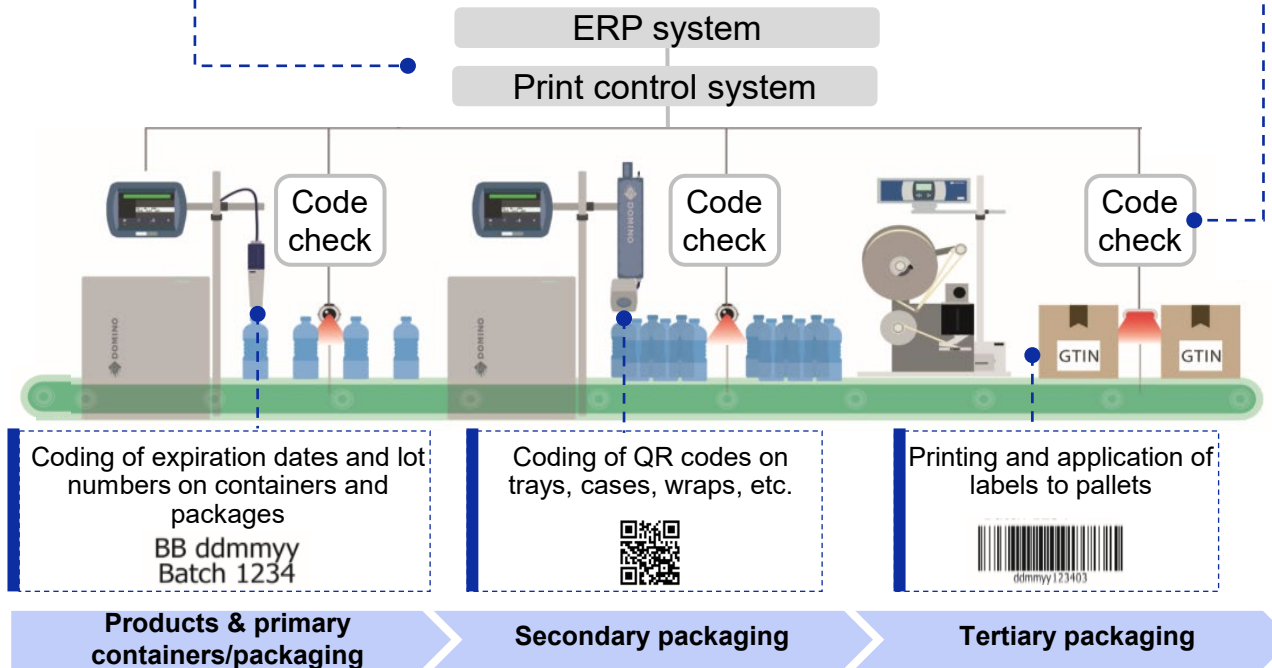


Domino Automation

Improving the reliability of printed content by using **scanning cameras** and **image inspection** device technology to scan **print results** and **automatically verify** if they have been printed correctly



R Series code inspection system



Towards transformation in the Printing area

Environmental awareness and measures

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 volume 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

For SMB



For SOHO



Black-and-white laser

For SMB



For SOHO



Inkjet

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

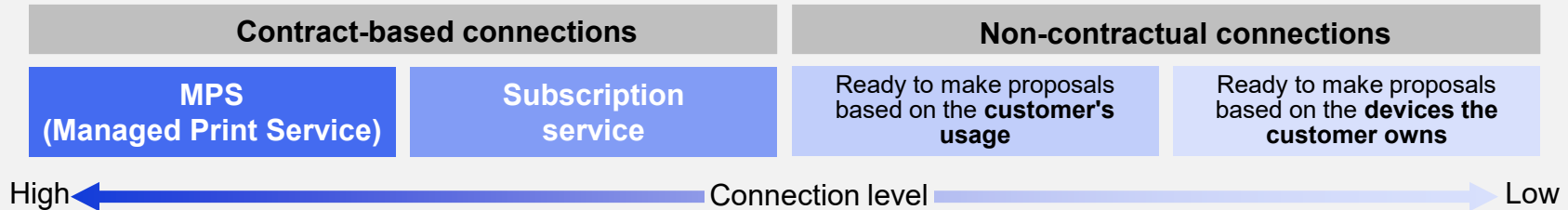
Towards transformation in the Printing area

What is “connecting”/Targets and progress

Shifting to a business model that connects with customers and offers mid- to long-term benefits for both customers and Brother

? What is P&S's "Connecting?"

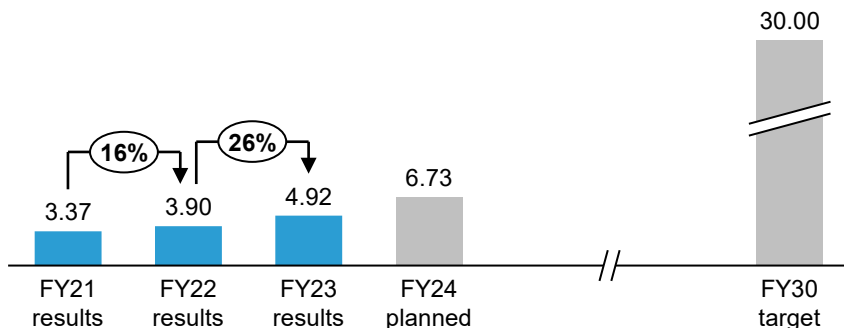
To create a state of **direct communication with customers** who use our products and services, and **continue to provide superior customer experience and value**



- ✓ **Benefits for Customers***1: Reduced TCO*2, reduced pain to purchase consumables, enrollment in long-term extended warranty and loyalty programs, and receive promotions and information on the best new products, etc.
- ✓ **Benefits for Brother**: Increased LTV*3 by securing profitability through improving the genuine consumable ratio and improving offering value by analyzing data on customer usage, etc.
- ✓ **Benefits for both parties**: Contribution to sustainability by promoting the collection and recycling of used products

*1: includes the benefits only for contract-based connections *2: Total Cost of Ownership *3: Life Time Value

Number of connections Targets and progress (M units)



Example of MPS in Europe (contract-based)

- Contracts through copier dealers and other channels to provide consumables and services on a pay-as-you-go (per sheet) basis
- Automatic delivery from Brother when consumables run low using Brother's platform

- ✓ **100% genuine consumable ratio for MPS subscribers**
- ✓ **Print volume is higher than conventional box-moving model**

Towards transformation in the Printing area

Global manufacturing system towards 2030

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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

Europe and the U.S.
Recycling-oriented local production
for local consumption

Japan
Inkjet production base

Asia
Multi-function factories

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**

Towards transformation in the Printing area

Enhancing manufacturing facilities

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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)

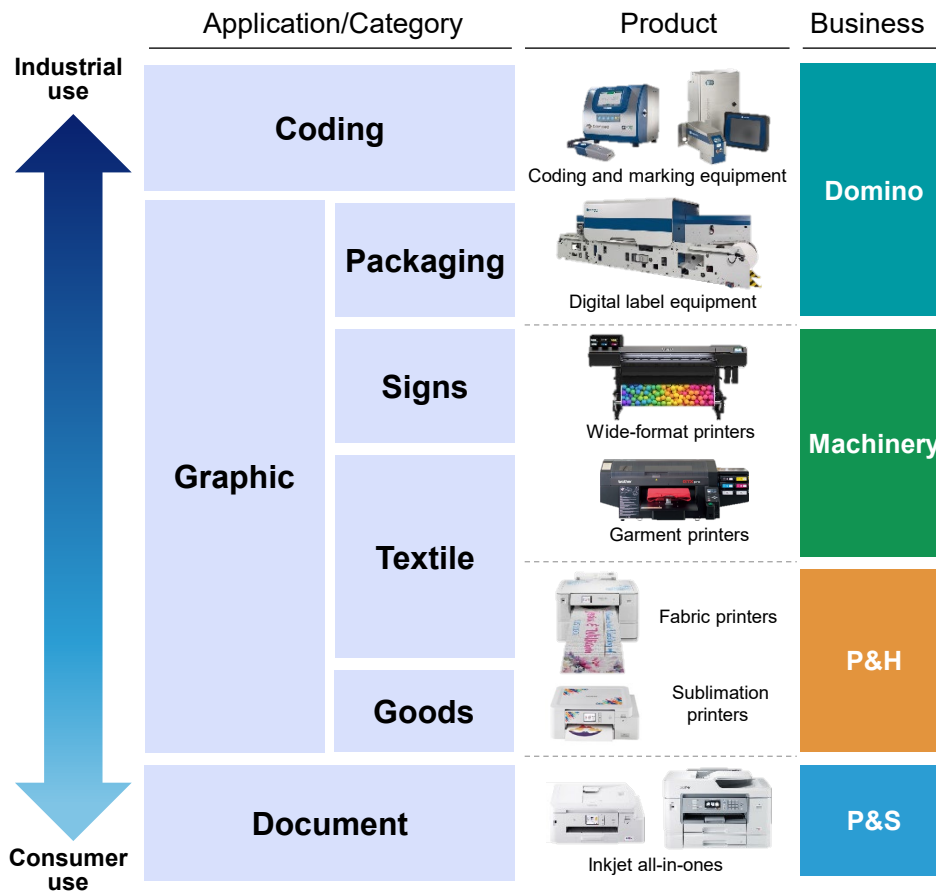
Towards the business portfolio of the future

Expanding inkjet product line

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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



[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

Towards the business portfolio of the future

Creating new businesses that help to address materialities

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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

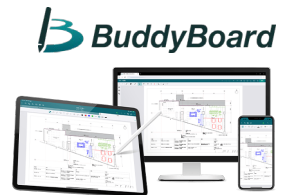
- Uses Brother's proprietary “TWIN AQUA” technology; a **CFC-free, exhaust heat-free** spot cooler with an exhaust air dry-bulb temperature below the ambient air temperature, achieving low power consumption that is about 1/5 that of an air conditioner system
- First win of the “**Agency for Natural Resources 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



Management foundation transformation for a sustainable future

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

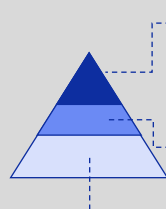
*Brother Industries

[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

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



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)



■ 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

Materiality and sustainability targets

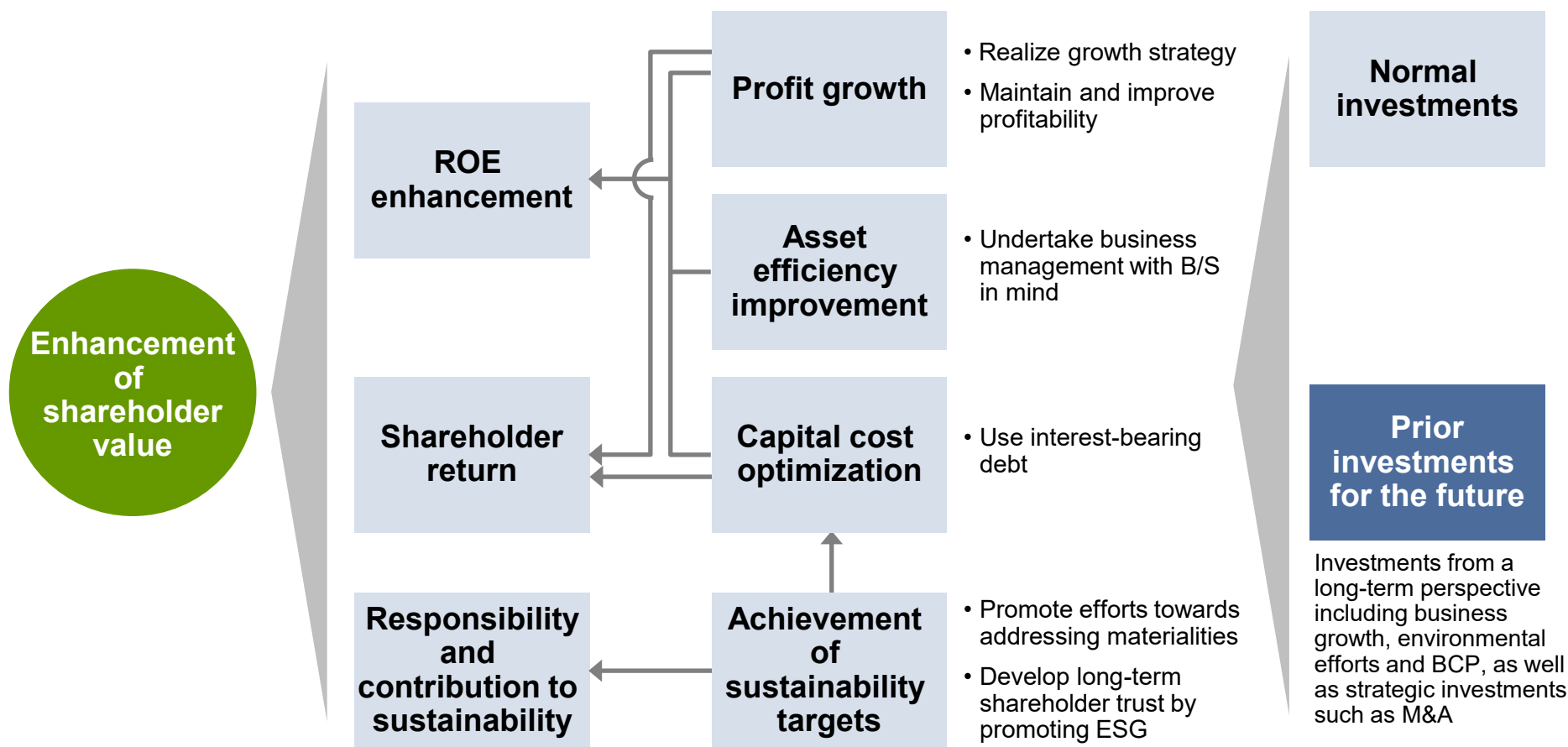
Materiality and sustainability targets

Materiality		Targets for FY2024	Results	*Brother Industries, Ltd.
Contribute to society	Supporting People's value creation	<ul style="list-style-type: none"> In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing CO₂ emissions In P&S business, build platform to connect directly with customers towards improving LTV of customers 	<ul style="list-style-type: none"> Launched a total of 10 new models in the SPEEDIO series, boasting high environmental performance and productivity, since FY2022 Strengthened efforts to connect interactively with customers, including subscription services in each region 	
	Realizing a diverse and active society	<ul style="list-style-type: none"> Visualize employee engagement at the global level and improve engagement survey scores Enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan *Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working*. 	<ul style="list-style-type: none"> Started an employee engagement survey at Brother Industries in FY2022; expanded survey scope to the entire Group in FY2023 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 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	<ul style="list-style-type: none"> Expand the human rights risk assessment on suppliers Attain RBA Gold certification for three Group manufacturing facilities 	<ul style="list-style-type: none"> 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 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	<ul style="list-style-type: none"> [Scope 1 and 2] Achieve 47% reduction from the FY2015 level [Scope 3] Take measures to reduce 150,000 tons through own effort 	<ul style="list-style-type: none"> [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	<ul style="list-style-type: none"> Achieve ratio of virgin materials used in products of 81% or less 	<ul style="list-style-type: none"> Expect to achieve target for FY2023 by implementing measures such as using recycled materials in some products and changing to recyclable cushioning materials 	

Financial policy

Achieve continuous enhancement of shareholder value by balancing success in business and contribution to sustainability through effective capital utilization

Overview of financial policy for enhancing shareholder value



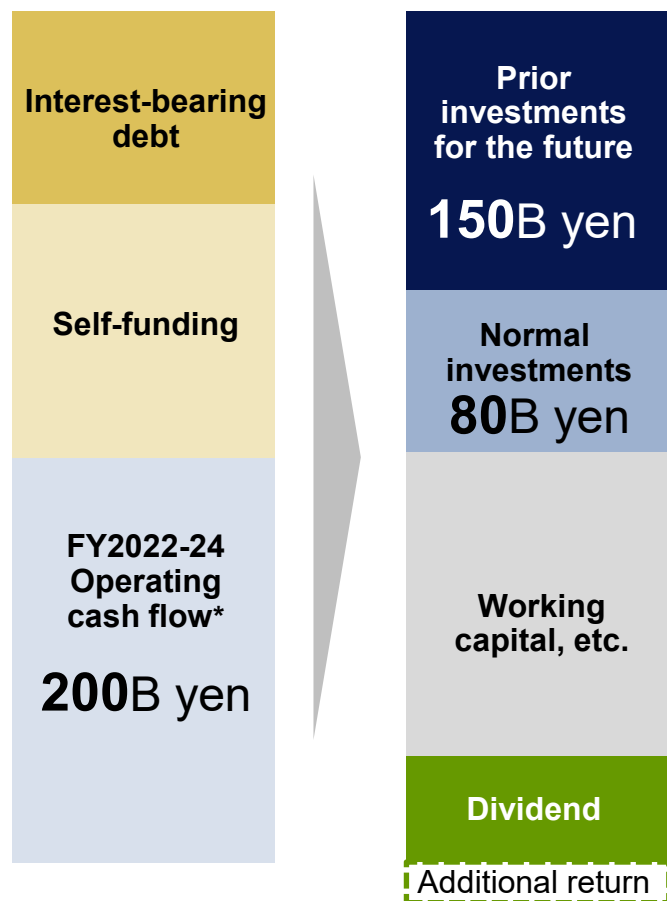
Financial policy

Cash allocation and prior investment for the future

(excerpts from medium-term business strategy document)

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	<ul style="list-style-type: none"> • Reinforce sales and service facilities of Industrial area • Reinforce production capacity in the Machinery/FA area 	50B yen
	Towards transformation in the Printing area	<ul style="list-style-type: none"> • Expand inkjet development and manufacturing facilities 	
	Towards the business portfolio of the future	<ul style="list-style-type: none"> • Strategic investments for M&A, etc. 	30B yen
Management foundation transformation for a sustainable future	Environmental efforts	<ul style="list-style-type: none"> • 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 	70B yen
	Enhance and expand connections with customers	<ul style="list-style-type: none"> • 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) 	
Total			150B yen







Although the investment plan for CS B2024 is decision-based and therefore the timing of payments may fall outside the medium-term business strategy period, progress is generally in line with the plan, excluding strategic investments such as M&A

CS B2024 plan (FY2022–FY2024)	Latest forecast	
	Investments	Payments per fiscal year
Prior investments for the future (excluding strategic investments) 120B yen	Prior investments for the future (excluding strategic investments) 112.6B yen	Results through FY2023 38.7B yen
		Plan for FY2024 23.1B yen
Normal investments 80B yen	Normal investments 92.0B yen	Plan from FY2025 onward 50.8B yen
		Results through FY2023 57.1B yen
Prior investment for the future (M&A and other strategic investments) 30B yen	Prior investment for the future (M&A and other strategic investments) 30B yen	Plan for FY2024 34.9B yen
Total 230B yen	Total 234.6B yen	

Financial policy

Prior investments for the future

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	<ul style="list-style-type: none"> Enhanced industrial inkjet manufacturing facilities, Brother Group's first seismic isolation structure as a BCP measure 	Approx. 10 billion yen
	[P&S] Philippines Factory New factory building 	Completed/operating	<ul style="list-style-type: none"> 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
	[Industrial Equipment, Machinery] New factory in India 	Under construction	<ul style="list-style-type: none"> 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
	Nissei New factory building 	Completed	<ul style="list-style-type: none"> Increase gear production capacity to expand sales for FA and robot applications 	Approx. 1.6 billion yen
	Minato Factory New warehouse 	Construction planned	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
	Installation of solar panels	Handled at each facility	<ul style="list-style-type: none"> 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
	Reformation of ERP system	Completed	<ul style="list-style-type: none"> 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

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	<u>Cost of equity: 7-10%</u> <ul style="list-style-type: none"> - Calculated by CAPM - Variable due to differences in timing and assumptions used in calculations, so cost of equity is taken as the range 	<ul style="list-style-type: none"> ✓ Reduce the cost of shareholders' equity by promoting business portfolio transformation while also utilizing interest-bearing debt
ROI index	<u>5-year* average: 8.1%</u> <ul style="list-style-type: none"> - Exceeds or equals cost of equity 	<ul style="list-style-type: none"> ✓ 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	<u>Dividend per share, FY2022: 68 yen</u> <u>FY2023: 84 yen (planned)</u> <u>FY2024: 100 yen (planned)</u> <ul style="list-style-type: none"> - Plan to increase dividend depending on factors such as business performance 	<ul style="list-style-type: none"> ✓ 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	<u>P/B ratio 5-year* average: 1.05x</u> <u>Most recent: 1.08x</u> <ul style="list-style-type: none"> - Recent P/B ratio over 1x due to recovery in performance 	<ul style="list-style-type: none"> ✓ 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

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Reference: Brother's business areas

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