

May 29, 2024
Brother Industries, Ltd.

Message to Shareholders of Brother Industries, Ltd.

Brother Industries, Ltd. (“Brother”) announced, on March 13, 2024, its plan to commence a tender offer for Roland DG Corporation (“Roland DG”). Subsequently, however, on May 16, 2024, Brother announced that it would not implement such tender offer for Roland DG in response to the completion of another tender offer for Roland DG that was being implemented as part of a series of transactions for a so-called “management buyout” (MBO).

We would like to express our sincere gratitude to our shareholders for your support, which has been a great encouragement to us, despite the concerns that you may have due to the changing circumstances during this period.

By further accelerating the transformation of Roland DG’s business portfolio through various measures to enhance corporate value, including growth in areas such as “Visual Communication - Other” and “Digital Fabrication”, which were addressed in Roland DG’s midterm business plan, we believed that we could maximize the corporate value of Roland DG. In addition, by setting the tender offer price with a sufficient premium, Brother has presented an attractive proposal to Roland DG’s shareholders.

Above all, under the Brother Group Vision of “At your side 2030”, we strive to maximize our corporate value by responding to the rapidly changing business environment through leaping forward in the industrial field and through transformation of the printing field, with an “At your side.” spirit which puts our customers first in every situation. For this matter, as an operating company with a history of more than 110 years, we initially hoped to contribute to the development of society through taking the initiative and launching a bold M&A strategy that would revitalize the Japanese market and economy. We imagine that our actions may have given some of our shareholders high expectations for the future of the Japanese market.

On the other hand, the Brother Group Global Charter stipulates “Ethics and Morality” as our code of conduct, and declares that in carrying out our activities, we must act with the highest degree of integrity, respecting culture, relevant laws, regulations and rules. In the course of discussions and negotiations with the board of directors and special committee of Roland DG, and from responses by Roland DG to the press, Brother believes that in this matter, from the outset, there have been such responses that are suspected to have been made with the substantive purpose of preventing us from acquiring management control, as well as explanations that would damage our credibility. In conducting business activities as a member of the Brother Group, it is a prerequisite that the above Global Charter be observed. We emphasize the fact that we were unable to be convinced that such prerequisite will be met by the management of Roland DG was the main reason for us not pursuing the tender offer. Brother takes pride and responsibility in all of its products provided to customers, and is proud of the high regard it has earned in the field of industrial printing from customers around the world. So that everyone can understand our philosophies and initiatives, we will continue to respond appropriately and in good faith to any publication of information or press coverage that may damage or may have damaged the value of our products.

It need not be said that Brother still holds high regard for the value of Roland DG's business and the outstanding abilities and contributions of its employees, which we have recognized through joint development and other activities with Roland DG. We believe that our proposal would have preserved the jobs of employees and would have been attractive to all stakeholders, and while we regret that we were unable to achieve this goal, we sincerely hope that under the MBO structure selected by the board of directors of Roland DG, employees' jobs will be maintained and that such employees will continue to demonstrate their abilities and play an even greater role in the company.

The Brother Group will continue to create and rapidly deliver superior value through product creation with an "At your side." spirit which puts our customers first in every situation. At the same time, we are committed to manage our business from a global perspective, without fear of change, in order to respond quickly to the diverse demands and expectations of the market. The bold utilization of M&A strategies, such as in this matter, is no exception, and we will continue to implement our business strategy without being constrained by precedent, so as to promote the transformation of our business portfolio, including by leaping forward in the industrial field and through transformation of the printing field.

In recent years, momentum has been building for the development of the Japanese M&A market into a fair and healthy one, and we sincerely hope that the series of developments and consequences surrounding this matter will not significantly affect this progress. As one of the few companies in Japan that has taken on the challenge of competitive acquisitions, we are committed to use our experience in this matter to contribute positively to the development of a better environment so that M&A in the Japanese market will move in the right direction going forward.

The warm support of our shareholders has been a great encouragement to us. Going forward, we will continue to do our utmost to further enhance our corporate value and achieve sustainable growth, and we greatly appreciate your continued support.

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