

**Opinion regarding
Tender Offer (MBO) for the Company Shares by XYZ K.K.
and Scheduled Commencement of Tender Offer
for the Company's Shares by Brother Industries, Ltd.**

**Roland DG Corporation
April 26, 2024**

Executive Summary

After comparing and considering both proposals, the Company decided that the MBO was the proposal that would best contribute to the Company's shareholder value and corporate value, and expressed its endorsement and recommendation to tender for the MBO.

	MBO	Brother Tender Offer
Company's Examination Scheme	The Special Committee, consisting of three outside directors of the Company, received advice from its own legal advisor, Nishimura & Asahi, and gathered necessary information by attending discussions between the Company's executive officers and the executive officers of both Taiyo and Brother Industries, and fairly compared and examined the MBO and the Brother Tender Offer from the perspective of both corporate value and the common interests of shareholders.	
Contribution to the enhancement of the Company's corporate value	<ul style="list-style-type: none"> Since 2020, when Taiyo dispatched an outside director to the Company, the Company has achieved a V-shaped recovery in business performance by implementing various corporate value enhancement measures together with Taiyo. The MBO proposal is reasonable, as it presents specific and quantified measures to enhance corporate value for each theme, in response to the Company's issues identified by the special committee. 	<ul style="list-style-type: none"> Dis-synergies include (1) deterioration of business relationship with Major Supplier A, (2) risks related to the use of Brother Industries' printer heads, and (3) differences in corporate strategy, technology strategy, and corporate culture, which they have not been dispelled at this time. Brother Industries' proposed synergies lack specificity, and concerns about the feasibility have not been dispelled at this time.
Benefits for the interests of minority shareholder	JPY5,370	JPY5,200
The Company's current view	The Company has presented specific measures to enhance corporate value in response to issues recognized by the management of the Company, and the company judged that the MBO contribute to corporate value and shareholder value.	Concerns about the occurrence of dis-synergies and the feasibility of synergies remain unaddressed.

1 Events Leading Up to the Announcement of the Brother Tender Offer and the Publication of this Opinion

Events Leading Up to the Announcement of the Brother Tender Offer and the Publication of this Opinion

Date	Contents (entries related to Brother Industries are <u>underlined in bold</u>)
2024/3/13	Brother Industries Announces Plans for Tender Offer for the Company Shares
2024/3/15	The Company's Special Committee sent a letter to Taiyo asking for its intention to change the terms of the MBO. (A response was received on March 22, 2024, stating that the matter was under consideration, but no final response was received by March 26, 2024)
2024/3/19	Executive Committee, Board of Directors, and Special Committee met with Brother Industries (Brother Industries explained its view of synergies and dis-synergies, etc.) ⇒ Concerns about the feasibility of synergies and the occurrence of dis-synergies could not be dispelled
2024/3/22	<ul style="list-style-type: none"> ① Additional consultation matters sent from the Board of Directors to the Special Committee ② The Special Committee appoints its own legal advisor
2024/3/26	The Special Committee reported to the Board of Directors that it maintains its opinion in favor of the MBO because the Company cannot dispel the probability of a decline in the competitiveness of its products due to dis-synergies resulting from the acquisition by Brother Industries and the resulting decline in corporate value over the medium to long term (the recommendation to tender was withdrawn)
2024/4/5	Executive Committee, Board of Directors, and Special Committee met with Brother Industries (Brother Industries explained its view of synergies and dis-synergies, etc.)
2024/4/9	The Company sent a letter of inquiry to Major Supplier A to confirm its thoughts on future transactions, etc., if the Company becomes a part of Brother Industries
2024/4/10	The Board of Directors sends a questionnaire to Brother Industries regarding synergies and dis-synergies
2024/4/11	Received response from Major Supplier A that review of business relationship is inevitable if the Company becomes a part of Brother Industries
2024/4/16	Executive Committee, Board of Directors, and Special Committee met with Brother Industries to reiterate the Company's position on synergies and dis-synergies in detail
2024/4/19	Executive Committee, Board of Directors, and Special Committee met with Taiyo ⇒ Confirmed that synergies and measures to enhance corporate value have not changed since the MBO was announced
2024/4/23	<ul style="list-style-type: none"> ① Executive Committee, Board of Directors, and Special Committee met with Brother Industries (Brother Industries explained its views on each of the Company's concerns) ⇒ Hear from Brother Industries that no dis-synergies will occur ② Hearing from Taiyo that the purchase price will be raised to 5,370 yen
2024/4/24	Inquired again to Major Supplier A about its thoughts on future transactions, etc., if the Company becomes a part of Brother Industries
2024/4/25	<ul style="list-style-type: none"> ① Received formal response from Major Supplier A that if the Company becomes a part of Brother Industries, it will be difficult to sell new products, etc. and will have no choice but to suspend technical support, in addition to a review of price setting. ② Received a report from an outside expert that, assuming the major supplier's response, there is a high possibility of dis-synergy of ▲5 billion yen on an operating income basis in the fiscal year ending December 31, 2026 (approx. 80% decrease from the forecasted operating income value) ③ The Company sends Brother Industries a written explanation of the feasibility of the synergies and the reasons why concerns about the dis-synergies cannot be dispelled.
2024/4/26	The Company's Special Committee reported to the Board of Directors that it would maintain its opinion in favor of the MBO and change its recommendation to recommend that shareholders tender their shares in the MBO , because (i) the Company cannot dispel the probability of a decline in the competitiveness of its products due to the occurrence of dis-synergies resulting from the acquisition by Brother Industries and the resulting decline in corporate value over the medium to long term , and (ii) the MBO is a proposal that will contribute to shareholder interests.

2 Dis-synergies that could Arise If the Company were to Become a Part of Brother Industries

Potential Dis-synergies Upon Joining Brother Industries

Dis-synergies the Company Anticipate		
<p>① Deterioration of business relationship with Major Supplier A</p> <ul style="list-style-type: none"> ✓ Price increases for key components, delays or stoppages in new product development 	<p>② Risks associated with the use of printer heads manufactured by Brother Industries</p> <ul style="list-style-type: none"> ✓ Inability to fulfill product lineup ✓ Possibility of adverse effects on our products in terms of performance, production processes, and customers relationships 	<p>③ Differences in corporate and technological strategies and corporate culture</p> <ul style="list-style-type: none"> ✓ Strongly aware of differences with the Company in terms of communication, cooperation and speed ✓ Clearly different ideas and corporate culture regarding technical and sales strategies, etc. in the industrial printing field

Brother Industries' Claim

Concerns about the probability of dis-synergy have been resolved:

- ✓ Major Supplier A only mentions that it will “consider” reviewing the business relationship rather than reviewing the relationship itself, and the specifics are unclear
- ✓ Major Supplier A is aggressively expanding its external sales business
- ✓ Brother Industries and Major Supplier A do not have a competitive relationship. Brother Industries and Major Supplier A have a friendly relationship, and it is difficult to imagine that Brother Industries and Major Supplier A would take any action that could lead to a deterioration of the relationship in a wide range of areas.

Major Supplier A's Response

Inevitable review of current business relationships:

- ✓ **It is difficult to sell printer heads (excluding those currently sold to us) to the Company at the prices Major Supplier A charge as a key partner, forcing to substantially revise the current pricing structure**
- ✓ **Has no choice but to suspend the close collaboration in product development from the early stage and close cooperation and technical support, including quality support, after the launch of products.**

The Company's view based on Brother Industries' assertion and Major Supplier A's response

Dis-synergies on a scale that will affect the Company's survival (operating income of minus JPY5.0 billion in FY12/2026) and lead to damage to the Company's corporate value

- ✓ **There is still a high probability that the quality and competitiveness of the Company's products will decline due to the occurrence of dis-synergies and that our corporate value will decline in the mid-to-long term as a result of these dis-synergies**
- ✓ **Concerns about dis-synergies arising from differences in corporate strategy, technology strategy, and corporate culture (including distrust arising from past disagreements in collaboration)**

Dis-synergy 1: Concerns about deterioration in quality and competitiveness of the Company's products due to deteriorating business relationship with Major Supplier A

Dis-synergy 1: Deterioration in business relationship with Major Supplier A

With regard to the key component (printer head) for industrial printers, which is one of our main products, there is a high probability that the terms and conditions, including purchase prices, of transactions from Major Supplier A to us will deteriorate, that we will not be able to receive priority in the supply of cutting-edge printer heads equipped with the latest technology from Major Supplier A, and that we will not be able to work closely with Major Supplier A from the early stage of our product development, including quality support, and receive technical support

- If we were to become a part of Brother Industries, **the relationship between us and Major Supplier A would change from a good relationship to a competitive relationship, and we would not be able to maintain the current purchasing terms for the printer heads we currently receive from Major Supplier A and for newly developed printer heads in the future, assuming that we do not have a competitive relationship with them and that we have a good relationship with them. In addition, we may not be able to receive the supply of cutting-edge printer heads or close collaboration and technical support for our product development from an early stage, resulting in a occurrence of dis-synergies regarding amendment of transaction contents and terms (i.e., price increases, delays or suspension of development of our products due to lack of cooperation from Major Supplier A, etc.), and there is a high possibility that the quality and competitiveness of our products will deteriorate.**
- We confirmed with Major Supplier A our thoughts on future transactions with Brother Industries, and **received a formal response from Major Supplier A stating that a review of the business relationship was inevitable, including a price offer as a key partner, supply of cutting-edge printer heads, close collaboration with Brother in the early stages of product development and quality support after product launch, and technical support.**

Dis-synergy 1: Brother Industries' Claims Contradict Major Supplier A's Answers

Brother Industries' Claim (3/19)

Concerns about the probability of dis-synergies have been resolved:

- ✓ (i) Major Supplier A positions external sales of printer heads as a growth strategy and is aggressively investing in printer head manufacturing facilities
- ✓ (ii) Major Supplier A's external sales business of printer heads **is not in competition with Brother Industries**, and Major Supplier A has the responsibility to supply printer heads as a supplier

Brother Industries' (4/23)

Concerns about the probability of dis-synergies have been resolved:

- ✓ (i') Major supplier A is investing in printer head manufacturing facilities and aggressively expanding its external sales business
- ✓ (ii') Brother Industries and Major Supplier A are **not in a competitive relationship**. In addition, Major Supplier A only mentions that it will **"consider" reviewing the business relationship** rather than reviewing the relationship itself, and the specific details of how the terms of the transaction will be reviewed are not clear, **so the concern is not beyond the scope of a general "review of business relationships" that occurs in transactions involving a change in control of an operating company**
- ✓ (iii) Brother Industries and Major Supplier A have a **friendly relationship**, having concluded an agreement on patent licensing, etc., and it is difficult to imagine that Brother Industries would take any action that could lead to a deterioration of the relationship in a wide range of areas

The Company's Response (4/16)

Concerns about dis-synergies remain unresolved:

- ✓ (ii) Confirmed with Major Supplier A for their thoughts on future transactions if **we were to become a part of Brother Industries**, and received the following response
 - As a key partner, **it is inevitable to review the business relationship** regarding price offers, supply of cutting-edge printer heads, close collaboration in product development from the early stage, close collaboration including quality support after product launch, technical support, etc.

The Company's Response (4/25)

Concerns about dis-synergies remain unresolved:

- ✓ (ii')(iii) Confirmed again with Major Supplier A for their thoughts on future transactions if **we were to become a part of Brother Industries**, and received the following response
 - If the Company were to become a part of Brother Industries, the relationship between Major Supplier A in the printer head business would **change from that of an important business partner to that of a competitor**.
 - Has to **drastically review the current pricing** of the printer heads that Major Supplier A currently sell to the Company, and it will be **difficult to sell printer heads** other than those that we currently sell to the Company
 - Has no choice but to **suspend the close collaboration in product development** from the early stage, as well as close cooperation and technical support, including quality support, after the launch of our products

Dis-synergy 2: Concerns about the negative impact of using Brother Industries' printer heads on our business performance and our products

Dis-synergy 2: Risks associated with the use of printer heads manufactured by Brother Industries

(In the event that it becomes difficult to conduct business with Major Supplier A as before) Although the number of adopting printer heads manufactured by Brother Industries is likely to increase, the printer heads manufactured by Brother Industries cannot cover the printer head lineup of the said Major Supplier A. Therefore, the development of our new products cannot be executed as planned, and as a result, there is a high possibility that our product lineup will not be fulfilled, which will have a significant impact on our business performance. In addition, there is a possibility that products equipped with Brother Industries' printer heads may have a negative impact on our products in terms of performance, production process, and customers relationships.

- **Since Brother Industries' printer heads cannot cover the printer head lineup of Major Supplier A, if dis-synergy 1 (see previous page) occurs, we will not be able to execute the development of our new products as planned, and as a result, our product lineup will not be fulfilled and our business performance likely to be significantly affected.**
- **In addition, there is a concern about the quality of the printer heads manufactured by Brother Industries compared to those manufactured by other companies, and we have to conduct an all-nozzle inspection before installing them in our products (when we use printer heads manufactured by suppliers other than Brother Industries, we do not conduct an all-nozzle inspection as described above), and the man-hours required for such inspections are extremely large, which increases the manufacturing cost of our products and has a serious negative impact on our production process and the customers relationships.**

Dis-synergy 3: Concerns about a decline in the Company's competitiveness due to differences in corporate and technological strategies and corporate culture.

Dis-synergy 3: Differences in corporate and technological strategies and corporate culture

The possibility of a decline in the Company's competitiveness due to differences in corporate and technological strategies and corporate culture, based on the history and track record of past collaborations and transactions between the Company and Brother Industries.

- In the process of transactions and collaborations with Brother Industries, we have experienced (i) a price increase for printer heads from the price originally proposed due to a lack of coordination within Brother Industries, and (ii) a reduction in the specifications of developed products due in part to insufficient technical support from Brother Industries**
- Under these circumstances, we have come to recognize that there is a strong difference in the speed of communication and cooperation among divisions and subsidiaries, as well as a clear difference in the way of thinking and corporate culture regarding technological and sales strategies in the industrial printing field. If the Company were to become a part of Brother Industries, it would be unable to adapt quickly to market changes, including the diversification of needs, which would make it difficult to create markets with a sense of speed, and there are also concerns that a large number of the Company's excellent global human resources would leave the Company**

3 Our view on Synergies Claimed by Brother Industries

Doubts remain about the feasibility of both Brother Industries' envisaged synergies and the Company's corporate value enhancement measures

Strengthen the competitiveness of the Company's products by utilising Brother Industries' inkjet technology and other assets



There is a doubt as to whether the "utilising" will strengthen the competitiveness of the Company's products

Reduction of manufacturing costs through joint purchasing with Brother Industries' Printing & Solutions business



Unclear what specific manufacturing cost savings can be expected

Mutual utilisation of the complementary sales channels and customer bases



Based on past performance, there is a doubt as to how much sales expansion is possible through cross-selling.

The med- and long-term growth support by utilising Brother Industries' extensive R&D, human, financial and other resources



Unclear concrete plans on the extent to which R&D personnel can be shifted for the Company's growth

In addition, Brother Industries' claims were generally assessed as lacking in speciality
There are no concrete proposals to show which and to what extent synergies will be generated
The lack of concrete ideas at the present also raises doubts about the feasibility for synergy creation

4 Our view on MBO

V-shaped recovery in performance since Taiyo's participation in management

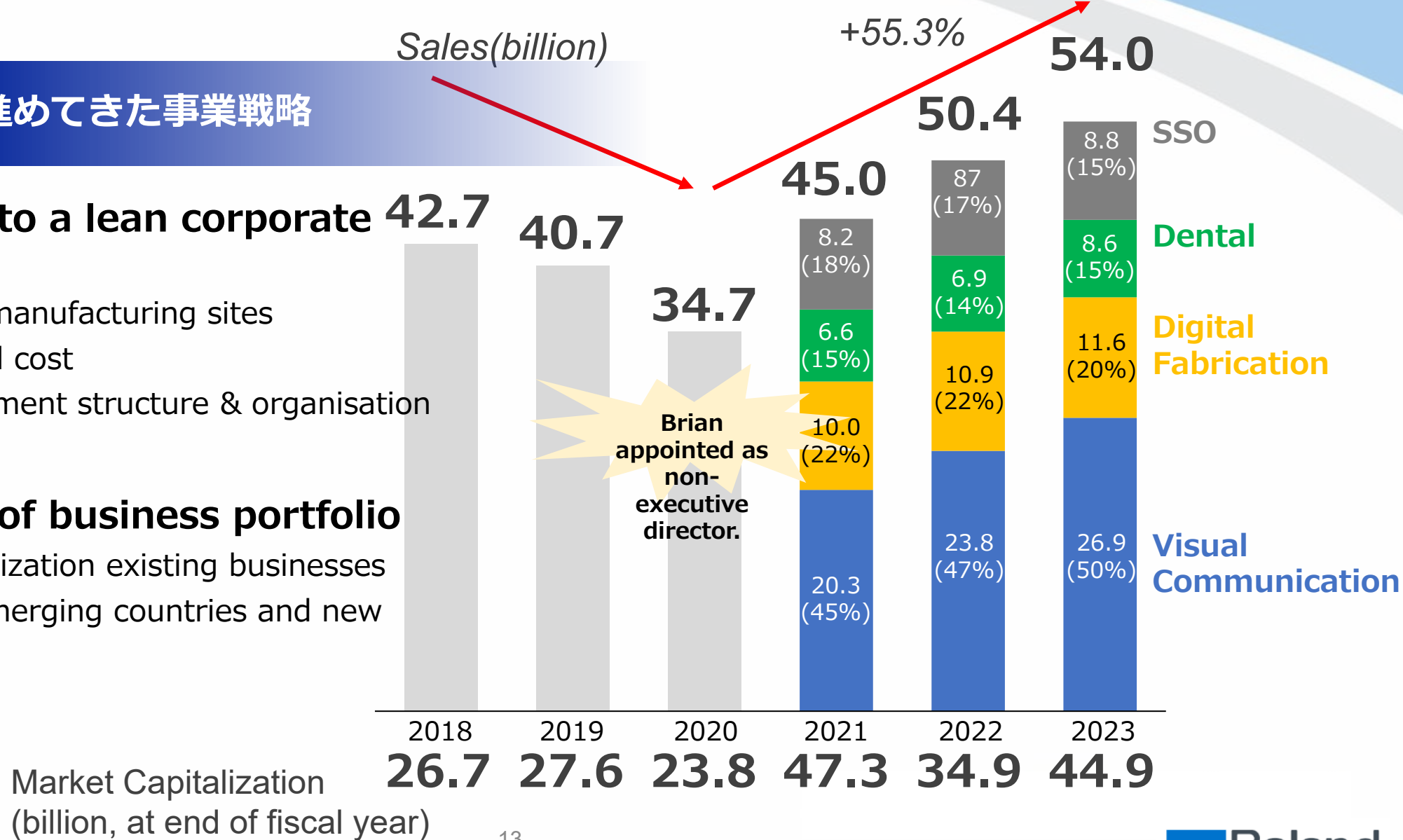
タイヨウとともに進めてきた事業戦略

Transformation to a lean corporate structure

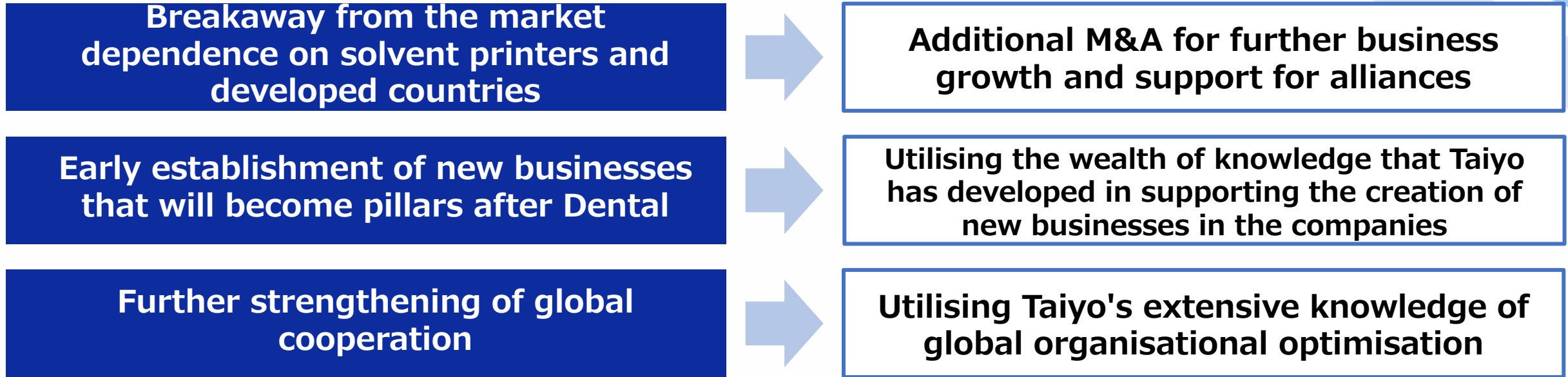
- Consolidation of manufacturing sites
- Reduction of fixed cost
- Renewal management structure & organisation

Transformation of business portfolio

- Thoroughly optimization existing businesses
- Expansion into emerging countries and new territories



Reasons why Taiyo is the most suitable partner to contribute to the med- and long-term enhancement of the Company's corporate value



Taiyo presents quantified and specific corporate value enhancement measures for each individual theme in response to the Company's issues identified by the Special Committee

In addition, Taiyo has a long track record of management as a shareholder of the Company since 2005. Since March 2020, Taiyo has deepened its engagement with the Company by dispatching outside directors and advisors

Based on Taiyo's track record of contributing to the enhancement of the Company's corporate value, the Company considers Taiyo to be the most suitable **“partner to contribute to the enhancement of the Company's corporate value over the med- and long-term”**

This document has been prepared for the purpose of contributing to the understanding of the “(Amendment) Notice Concerning Change of Opinion Pertaining to the Tender Offer for the Company’s Common Shares by XYZ K.K.” dated 26 April 2024, and is not intended to influence these interpretations.