

Integrated Report 2022

Comments on Issuance of “Integrated Report 2022”



Ichiro Sasaki
Representative Director & President

This is the “Integrated Report 2022” of the Brother Group. In this report, we have expanded upon the information disclosures we made last year in the “Integrated Report 2021,” our first integrated report, to help our stakeholders, including shareholders and investors, to deepen their understanding of the Group’s medium- to long-term value creation.

Since its foundation, the Brother Group has aimed to help customers improve their productivity and unlock their creativity. With this in mind, we have conducted our business activities in the spirit of “At your side.” In this “Integrated Report 2022,” we have re-considered our value creation process that improves corporate value over the medium to long term by utilizing the unique strengths and business model of the Group with a focus on the spirit of “At your side.” The newly established Sustainability Committee discussed this at length when considering the value creation process. This report also provides information on business strategies in “CS B2024,” our medium-term business strategy and management foundation transformation formulated by backcasting from the Brother Group Vision of “At your side 2030,” as well as materiality identification and initiatives for sustainability.

In compiling the report, each department collaborated with each other while referring to documents including the “Integrated Reporting Framework” proposed by the IFRS Foundation and the “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” proposed by the Ministry of Economy, Trade and Industry (METI). I hereby declare that the creation process and the content of the report are proper and fair.

The Brother Group will continue to utilize these integrated reports as tools for promoting constructive dialogue with all stakeholders, including shareholders and investors, and will endeavor to contribute to a sustainable society through business and improve our corporate value.

November 2022



The Brother Group has been providing support since 2015 to the Fukushima-based NPO Shinsei, which supports the independence of people with disabilities who were affected by the Great East Japan Earthquake. This SDG badge was designed by Shinsei in partnership with Japan Civil Society Network on SDGs, with each badge being individually handcrafted using Brother Sewing and Embroidery Machines.

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Editorial Policy

The “Integrated Report 2022” is designed to explain Brother’s medium- to long-term value creation by integrating financial and non-financial information and to communicate a story of sustainable value creation unique to Brother to as many stakeholders as possible in an easy-to-understand manner. In editing the report, we referred to the METI’s “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” and the IFRS Foundation’s “Integrated Reporting Framework.”

For more detailed information about the Brother Group, please see the Brother Corporate Information page of the Brother website.

Brother Corporate Information <https://global.brother/en/corporate>



Period Covered by the Report

The report mainly covers FY2021 (from April 1, 2021 to March 31, 2022). It also includes some information for the period from April 2022.

Companies Covered by the Report

Brother Industries, Ltd. (BIL) and its Group companies.

* The following terms are shortened due to reasons such as space availability as shown below.
Brother Industries, Ltd. ... BIL, the Company
Brother Group ... the Group, the Group company



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.

Creating the future with the “At your side.” spirit

Since its foundation in 1908 as a sewing machine repair business, the Brother Group has pursued the diversification and globalization of business in its history of more than 110 years. Underlying our activities at all times is the prompt provision of superior value based on the “At your side.” spirit, which always places our customers first. We believe that being useful and bringing joy to our customers through the Brother Group’s products and services will bring us happiness. Going forward, we will continue to utilize our unique technologies and global network to create value that is distinctive to Brother. We will also contribute to society, and help protect the earth by working to solve social issues through business.

The Brother Group Global Charter

With the spirit of “At your side.”, Brother conducts management with an emphasis on sustainability to create social value through its business. The basis for this is building long-term relationships of trust with all of our stakeholders, and putting customers first, as indicated in the “Brother Group Global Charter” (hereafter referred to as the Global Charter). The Global Charter provides the foundation for all of the Brother Group’s activities in the global marketplace. All Group companies - and all our employees - must base their decisions and actions on the Charter’s “Basic Policies” and “Codes of Practice.”

The Global Charter has been translated into 28 languages and shared around the world so that all employees active in more than 40 countries and regions can correctly understand and remain aware of it. Each and every employee puts the Global Charter into practice in their daily work, grows our business, and fulfills our social responsibility to build long-term relationships of trust with our stakeholders.



Prospectus of Establishment

<https://global.brother/en/corporate/principle>



Top Message

Through Our “At Your Side.” Spirit, I Want to Make the World a Better Place, Even If Only Slightly More Than Now, By Empowering Each and Every Employee

Ichiro Sasaki
Representative Director & President



next generation of management. In formulating the vision, we once again examined Brother's raison d'être and strengths, and discussed our value proposition to society. Consequently, we clarified Brother's vision to mean, “By being “At your side,” we enable people's productivity and creativity, contribute to society, and help protect the earth.”

A feature of Brother's management is that, rather than a top-down style of management, we respect the autonomous ideas of employees and promote them through the concerted efforts of all. This is also one of the sources of our competitiveness. In addition, there is also a culture of the company taking its employees seriously and, in response, employees also being committed to the progress of the company. In the project to draw up a new vision, project members were each asked to think about what we should do with Brother from a company-wide perspective and how we can achieve sustainable growth. I believe that if as many employees as possible, not just the project members, work autonomously with this kind of mindset, it will be a huge driving force for transformation in the Group as a whole.

My key mission as President is to make our employees and customers happy. For Brother to continue providing value to society, I believe it is very important that all employees work together to tackle challenges with a sense of “making a contribution to our customers and to society.” One of the reasons we named the vision “At your side 2030” is that we believe it is important for each and every employee to continue in the spirit of “At your side.” in pioneering the future of Brother.

Based on the “At your side.” spirit, what do you look for in fostering a corporate culture that is quick to respond to customer feedback?

Over the course of its long history, Brother has grown while adapting its core products to suit changes in society and in

the market. This has been achievable because of our ability to capitalize on and respond quickly to customer feedback on problems, suggested improvements and so on when working on the development of new categories of products. Through this experience, we have refined our approach and systems to learn and improve with a sense of speed. Brother has a culture of employees sharing their wisdom with each other to support customers when they have a problem. In reality, developers are sent to the front lines of sales to identify what problems customers are having so that our entire company can share and understand the problems and take action to solve them. I would like to further strengthen the environment that enables us to respond quickly with the “At your side.” spirit by disseminating customer feedback throughout the company.

In light of the recent trends in work style reforms, I also believe that this sense of speed needs to be further developed from various perspectives. The previous medium-term business strategy, CS B2021, was the first to be formulated following my appointment as President, and since then, we have consistently promoted transformation and greater efficiency of business processes. In the course of improving operational efficiency, many new discoveries were made. For example, during the process of automating operations by leveraging IT, we started by conducting inventory and visualizing our business operations, and we found that there was “waste” in many operations. About 70% of these inefficiencies could be improved by process reforms, and the remaining 30% could be resolved by automation, such as AI and RPA. Going forward, we will make efforts to speed up our operations by making continual improvements such as identifying the business operations that require human-like adaptability and revising repetitive work processes.

Corporate Culture, the Source of Value Creation

What is the source of Brother's competitiveness based on its corporate culture, and how is this linked to its Spirit of Foundation?

Fundamental to Brother's approach to continuously creating superior value is the “At your side.” spirit. In order for us to continue growing in the future, it is important that we always conduct our business from the customer's perspective and that we continue to be a company that is needed by our customers so much that they “feel glad that Brother is around.”

Brother has a history of more than 110 years, and the “At your side.” spirit has continued unbroken since Brother's Spirit of Foundation was formulated. At the time of Brother's foundation, industry in Japan was underdeveloped and all

sewing machines were imported. Also, the Great Depression meant that many people were without jobs even if they wanted to work. In this context, the founders adopted three principles as Brother's Spirit of Foundation: “develop the import-based industry into the export-based industry” by manufacturing sewing machines domestically within Japan; “create jobs for people wishing to work”; and “create factories with a pleasant atmosphere” so that employees can work with a sense of fulfillment and enthusiasm. This Spirit of Foundation embraces our strong desire to contribute to society through business.

Beginning in FY2022, the Brother Group Vision “At your side 2030” was formulated following extensive discussions led by members in their forties who will be responsible for the

Awareness of the Business Environment and the Direction of Management Strategies

What is your view of changes in the business environment? What is your management approach to the recent heightening of uncertainties?

There have been some major unprecedented changes these past few years. Unexpected events, such as disruptions in logistics and geopolitical risks, have continually occurred, and we have had to constantly keep up with such changes. For the Brother Group to turn these risks and crises into opportunities and advantages, it is important that we respond quickly to these changes and redirect them in a positive way for business.

When COVID-19 began to spread, Brother swiftly developed and released its Aerosol Cleaner as a product

that sucks droplets out of the air to prevent infection. Brother can only fulfill its mission if it is able to listen to customers' immediate problems and needs and provide products that address them. The key to this is taking necessary action as things change.

We were also faced with a crisis of supply chain disruptions, which meant we had only three months' supply of a certain semiconductor component which is commonly used in many of our products. In the space of two months, though, Brother was able to redesign more than 100 different products and keep them in supply by making use of another component with a different shape and software control to achieve the same functionality. This alternative component

was only available for a few months, and then we had to switch to yet another component. Ordinarily, changing such a huge number of product components in a short period of time would have been considered “impossible,” but I was impressed by the great strides made by the employees who were able to pivot even when faced with a crisis. I am confident that they will continue to demonstrate even greater commitment to fulfill the Brother Group’s mission of “quickly and consistently providing superior value.”

Even amid a rapidly changing business environment, we will turn risks into opportunities by leveraging our ability to take action from the customer’s viewpoint and our ability to respond quickly, by creating products that meet the needs of the times, and by maintaining a constant supply of products for customers. Building on this strength, we will continue to channel business growth even in an uncertain business environment.

Please outline the “CS B2024” medium-term business strategy and associated targets for realizing the Brother Group Vision “At your side 2030.”

Our CS B2024 medium-term business strategy has been formulated by backcasting from our vision for FY2030 and has a particular focus on business portfolio transformation and management foundation transformation. [See pages 16-25.](#)

Our FY2024 performance targets in CS B2024 are revenue of 800 billion yen, an operating profit ratio of at least 10%, and a return on equity (ROE) of at least 10%. Of this, the Industrial area will account for 300 billion yen (37.5% of total revenue), and our Printing and Solutions Business (P&S Business) will account for 400 billion yen (50.0%), thus promoting transformation of our business portfolio. In FY2030, the final year of our vision, we aim to achieve revenue of 1 trillion yen and an operating profit ratio of at least 12%, with revenue from the Industrial area increasing to half our total revenue.

While also reflecting on the risks and opportunities regarding changes in the business environment, please explain the key points regarding (1) the Industrial area and (2) the Printing area in the business portfolio transformation.

First, in terms of measures for expansion in the Industrial area, in light of recent market trends, we will accelerate growth in the Industrial Equipment Business and in the Industrial Printing area, which is centered on the Domino Business, by turning opportunities into growth.

In the Industrial Equipment Business, we will further pursue our strengths, namely high productivity and energy-saving performance, thereby meeting our customers’ labor-saving, automation, and process integration needs. I believe that our superior energy-saving performance, in particular, can help significantly in meeting the rapidly growing demand for lower CO₂ emissions. We will also aim to boost sales by expanding products that are suitable for processing parts needed in the ongoing shift to EVs in the automotive field as well as parts required for non-automotive general machines and medical care.

While office print volume (PV) is trending downward over the long term, I believe PV will increase in the commercial and industrial printing fields. Globally, there have been increases including in such areas as the printing of manufacture dates and best-before dates for food and beverages and lot numbers for ensuring traceability of pharmaceuticals, as well as printing for more high-mix low-volume product packages. More recently, there has also been an increase in demand for logistics label printing as e-commerce makes further inroads.

In order to capitalize on these market changes and achieve substantial growth in the Industrial Printing area, it is imperative that we identify customer needs and provide products and services in a timely fashion. Again, I believe that the key here is to gather information from our customers and to expedite development.

Second, in terms of measures for transformation in the Printing area, in the P&S Business, we will strengthen our customer connections more than ever before, such as by bolstering our contract-based businesses, and we will continue to offer value by quickly identifying changes in customer demand for products and services. We will continue to develop consumables optimized for Brother products and to update software to ensure the longevity of our products for users, thereby making effective use of valuable resources. Moreover, we will create an automatic fulfillment system and strengthen other efforts so that ordering consumables and other supplies is not burdensome for our customers.

As you transform the business portfolio, how will you strengthen the management foundation, including human capital, manufactured capital, and intellectual capital?

As we proceed to transform our business portfolio, human capital, intellectual capital, and manufactured capital will all be important. One of the human capital needs of the future will be human resources capable of promoting automation and digitalization. While we are recruiting more people in mid-career, we are also promoting human resources development that will enable each and every employee to acquire new skills. In particular, since the previous medium-term business strategy, we have been working on improving IT skills as part of our efforts for better operational efficiency. It is important that as many employees as possible acquire the ability to use IT in their work. As we enter the era of the 100-year life, learning these skills will enable employees to remain active into the future and will lead to their individual happiness.

In the P&S Business, we have been collaborating with leading global IT companies to ensure that our customers can use Brother products stress-free from their computers, smartphones and other devices. In working together, we have also benefited from learning how to develop software. As an example of intellectual capital, we are incorporating techniques and technologies we have learned from working with external partners and rolling them out internally so they can be utilized by as many employees as possible. Strengthening the sharing of new knowledge and technologies within Brother and applying them to existing technologies will lead to the creation of new value.

As for manufactured capital, we are proceeding with the introduction of automation and labor-saving equipment with a view, not only to further productivity improvements and so on, but also to situations such as COVID-19 lockdowns that make getting to work at the factory or hiring new people difficult. We will also implement various manufacturing-related measures to better support transformation of our business portfolio.

One of the measures we are taking to drive the transformation of our management foundation is to encourage employees to take on challenges. BIL, for example, has been



Encouraging employees to take on challenges helps in the development of human resources and leads to individual growth

strengthening one-on-one meetings between supervisors and subordinates since 2015. At these meetings, the supervisor plays the role of listener and asks the subordinate to share their own visions for the future, posing such questions as, “What kind of person do you want to be in five years’ and 10 years’ time?” The supervisor then asks the subordinate, “What will you do now to achieve that vision?” This allows subordinates to set their own stretch goals. According to the theory of experiential learning, 70% of learning comes from one’s own experiences, so setting your own goals and working toward them will enhance the effectiveness of your learning. Then, once you have achieved your stretch goal, you set your next goal and work toward it again. Through this cycle, we will achieve continuous growth for our employees. Taking on the challenge of experiences that are a little beyond one’s capabilities and building on these experiences is a key point in human resources development. I also believe that enabling employees to feel that they can develop themselves by working for the Brother Group is important in terms of employee engagement.

What is your view on growth investments in achieving the performance targets outlined in “CS B2024” and what benefits do you expect?

In reaching major turning points such as in the transformation of its business portfolio and in its responses to social demands for the environment, the Brother Group is at a point where it must strengthen its prior investments for the future. In CS B2024, we set aside a total of 150 billion yen for prior investments for growth.

Among these prior investments, we plan to invest 50 billion yen on expanding the Industrial area and transforming the Printing area. Specific plans include reinforcing sales and service facilities in the Industrial area, reinforcing production capacity in the Machinery/FA area, and expanding inkjet



printing development and manufacturing facilities.

We have also earmarked 30 billion yen for strategic investments for our business portfolio of the future. We will also consider M&A opportunities to create new businesses and technologies that help address materialities, such as businesses that help working people be productive and creative and businesses that help protect the earth, and to further advance inkjet-centered printing technologies and expand their scope of application.

Regarding the transformation of our management foundation for a sustainable future, we expect to invest 70

billion yen for environmental efforts and for strengthening and expanding connections with our customers. Specific plans include investing in factories for local production for local consumption of products and for realizing a circular economy, introducing energy-generation equipment at Group facilities, and constructing a new environmentally friendly building in the head office area, with construction scheduled to begin in 2024. In addition, we will invest in the expansion of factories, the addition of multiple functions, and other initiatives for supply chain resilience. We will also invest in DX to strengthen and expand connections with our customers.

Materiality and New Businesses

In “Our Purpose” in the Brother Group Vision “At your side” FY2030, you formulated a number of materialities. Which of these materialities do you think is most challenging for Brother? [See page 19.](#)

Among the five materialities, I think the most challenging one is “supporting people’s value creation.” Brother’s technical capabilities may not be as standout as those of other companies, but we have improved our performance by focusing on how we can make our products and services easier for customers to use and how we can help customers create value. Even amid times of rapid change, the value that Brother provides is getting our customers proficient in using Brother products, and in turn, supporting their productivity and creativity. I therefore recognize that “supporting people’s value creation” is Brother’s most challenging materiality—a never-ending materiality that we must constantly challenge.

In bringing “supporting people’s value creation” to fruition, Brother conducts usability tests at the printer development stage, for example, and analyzes where ordinary people feel inconvenience in the process of replacing consumables. Then, based on those results, we consider ways to make the process simpler and more user-friendly. Based on this research, we have designed consumables and paper to be replaceable from the front of the printer, thereby contributing to customer convenience such as by allowing consumables to be replaced stress-free no matter where the printer is installed.

Moreover, in developing new products, it is important to use technologies that improve performance and ease of use while keeping prices affordable for our customers. Doing so requires the application of existing technologies. We are not particular about taking time to develop advanced technologies in-house. If we do not have a technology or component necessary for developing a new product, we actively purchase it from another company. We will continue to further strengthen these efforts in order to create a steady flow of convenient products that are easy for our customers to use and to deliver value quickly. Going forward, we will put more

effort, not only into the provision of products, but also into proposing solutions that extend to ways in which the products can be used.

Our next two most challenging materialities are the initiatives that help protect the earth: “reducing CO₂ emissions” and “circulating resources.” Reducing CO₂ emissions is an issue that is pressing for all companies as climate change accelerates. At Brother, we are aiming for carbon neutrality in all our business activities by 2050. With specific targets set, we will steadily reduce emissions. As part of CS B2024, we will promote energy-saving activities, energy-generation activities, and the purchase of CO₂-free electricity at each of our facilities, while actively working to reduce CO₂ emissions throughout the lifecycles of our products. For example, in machine tools, we will refine energy-saving performance to help reduce overall energy consumption in society and to meet our customers’ needs for reducing CO₂ emissions.

More than ever before, we must also focus on “circulating resources.” At Brother, we have been collecting and recycling consumables, especially toner cartridges, for more than 20 years. Going forward, we will increase the recycling rate, including of products, by building a business model better suited to circulating resources. We also plan to increase the use of recycled resin.

How will you go about creating new businesses that help address materialities as stated under “Towards the business portfolio of the future,” one of the key components of CS B2024?

Since its foundation, Brother has created new businesses by leveraging a variety of unique technologies and global networks. We will continue to leverage these strengths to achieve our vision, and we will search widely for new business opportunities such as in the areas of “businesses that help working people be productive and creative” and “businesses that help protect the earth.”

For example, we will create businesses that help working

people be productive and creative by promoting productivity improvement, labor savings, and automation such as through the addition of multiple functions to various equipment and machines and on-demand solutions using compact industrial and commercial devices, and by realizing a diverse range of business support. In addition, we will help protect the earth by linking this to the reduction of CO₂ emissions and resource consumption. To achieve our vision, it is important that we look at customers’ value chains, find the bottlenecks that are obstructing their flow, and expand our business domain to areas around existing businesses while leveraging our diverse unique technologies and global networks. Where necessary, we will also promote the use of external resources, such as investments in ventures and M&A.

I think what is important when starting a new business is for employees to think for themselves and to promote it almost as their own business. Looking back on Brother’s history,

there have been many instances in which new businesses were initiated based on employee suggestions. While some of them were not successful, those in which employees thought personally about how to grow the business and were resolute in their determination to make a go of it seem to have a higher probability of success. There are many difficulties and hurdles in launching a new business. When employees initiate a new project, they work tooth and nail to overcome such difficulties. Conversely, if a top-down approach is taken for a new business, when faced with an obstacle, people tend to think, “I did as I was told, but the results just weren’t there.”

I would like to create an environment in which employees can demonstrate their passion and drive—a new business pillar that will drive Brother’s growth by leveraging what we have learned in past efforts while responding to changes in social demands.

Message to Our Stakeholders

When considering the enhancement of corporate value, is there anything you keep in mind when talking, collaborating or engaging with stakeholders?

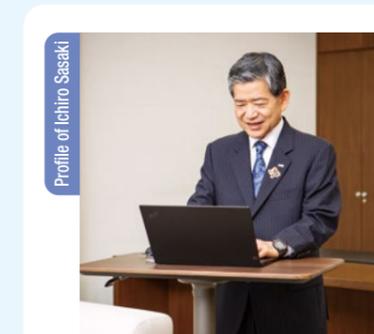
I believe that engaging with stakeholders is an extremely important part of all Brother’s efforts to create value. Although COVID-19 disrupted our supply chains, we were greatly helped by collaboration and close communication with our suppliers and business partners. Especially in times of rapid change, it is essential to communicate in good faith and do what is best for each other despite the various restrictions we may face. In particular, I believe that the key point in communicating with stakeholders is how to grow together and build a win-win relationship while being considerate of each other’s position.

In the course of our IR/SR* activities, I have also had the opportunity to engage in dialogue with many investors and shareholders. Feedback from this dialogue is discussed within management and used to make improvements. By increasing

opportunities for even greater engagement with investors, shareholders, and other stakeholders, we will continue to build long-lasting, trustful relationships and reflect their views and opinions in management in an effort to further enhance Brother’s corporate value. [See pages 46-47.](#)

Finally, for the Brother Group to continue growing while constantly creating value, each and every employee must also grow, and we must continue to supply attractive products and services at reasonable prices acceptable to our customers. When all of our employees are united in committing themselves to the “At your side.” spirit and putting into practice our purpose of “By being “At your side,” we enable people’s productivity and creativity, contribute to society, and help protect the earth” as stated in the vision. You can count on the future growth of the Brother Group!

* Investor Relations (IR) activities are those undertaken by a company to communicate its management conditions, financial status, business results, future outlook and so on to shareholders and investors. Shareholder Relations (SR) activities are the various activities undertaken by a company to build stable and trusting relationships with its shareholders.



As an engineer, Ichiro Sasaki built the foundations of Brother’s laser printer business. After working in development, product planning, and quality assurance, he headed an overseas sales office and served in other positions before being appointed President in 2018. Affectionately nicknamed “Ichiro-san” by employees, Sasaki uses the stairs to get to his office on the sixth floor, describing them as a “free health tool provided by the company.” It is also his style to stand while working in his office. The reasons are twofold: to keep in mind the efforts of employees supporting production at factories, and to promote good health. Another benefit is that it inspires ideas. His hobbies include walking, and he once won a walking competition within Brother. Sasaki believes strongly in wanting to make customers happy, wanting to support employee development, and wanting to leave a world that is at least a little more convenient for the next generation.

Brother's History

The Brother Group Has Followed a Trajectory of Business Transformation and Growth while Responding to Customer and Social Needs

In the history of more than 110 years since its establishment in 1908 as a sewing machine repair business, the Brother Group has been promoting the diversification and globalization of its business. In every generation, at the foundation of our business activities has always been the spirit of "At your side."—the company spirit that places our customers first everywhere, every time. With our starting point being to always meet our customers' needs from their perspective, we will continue to create and provide value by demonstrating the competitive advantage we have cultivated while adapting to changes in the times or environment without fear of reform.



Spirit of Foundation

- Create work for people wishing to work
- Create factories with a pleasant atmosphere
- Develop the import-based industry into the export-based industry

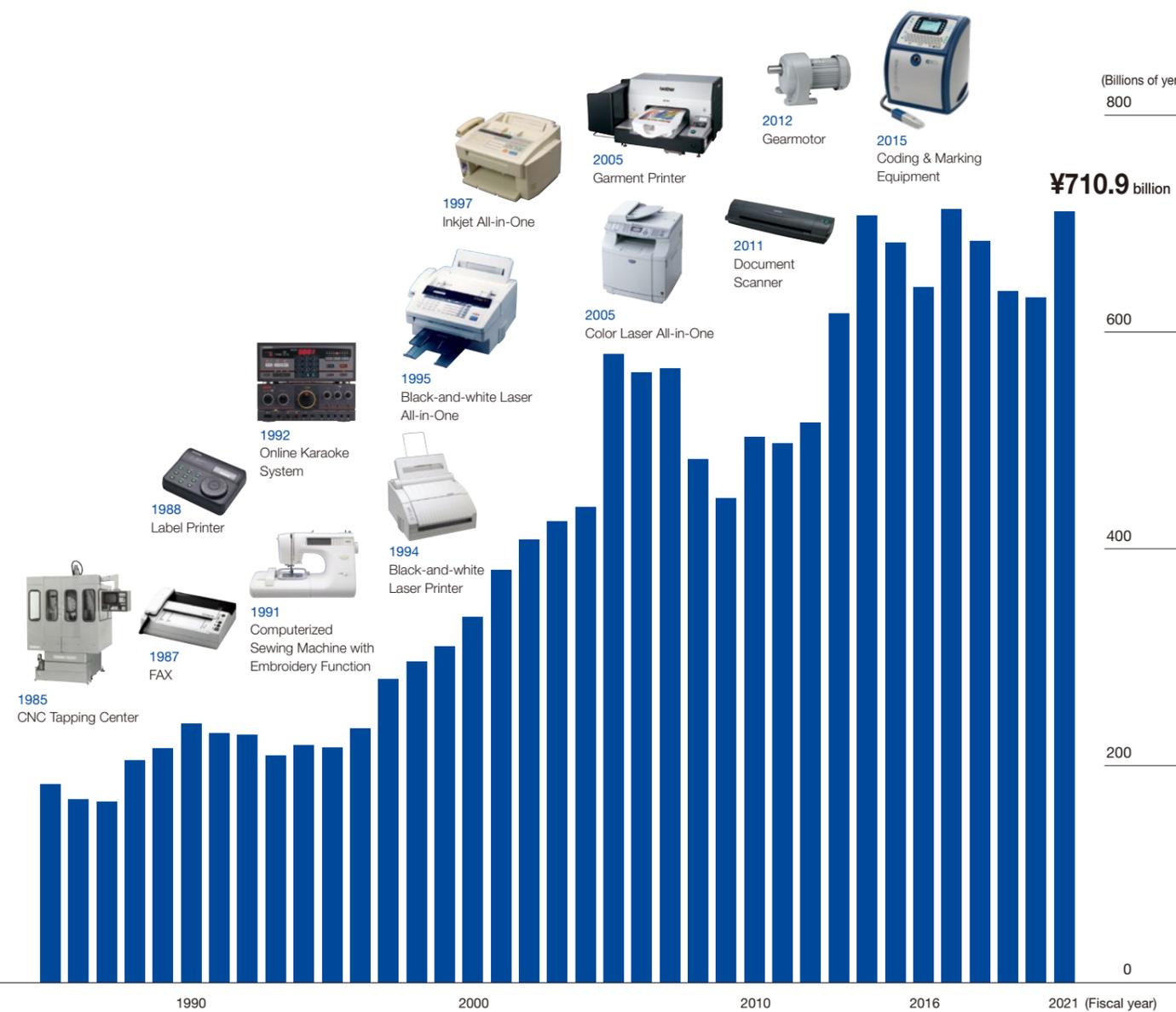
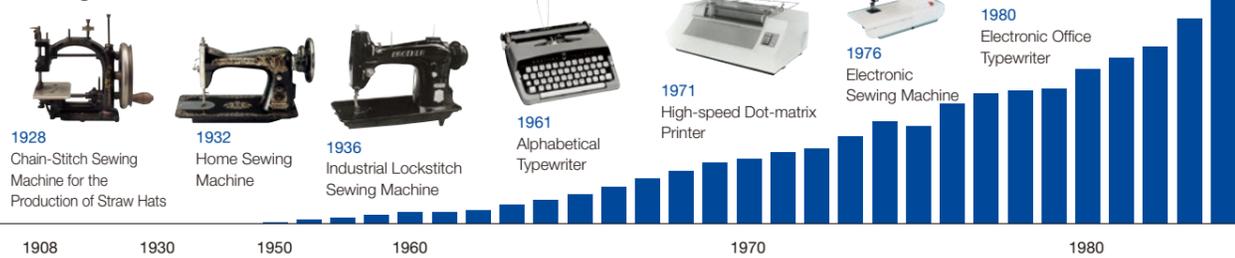


Prospectus of Establishment

The starting point for all creation is "At your side."

In 1908, the Yasui brothers, the founders of Brother who started in sewing machine repairs, decided to use the product knowledge they gained through repairs and began to develop domestically-produced machines that wouldn't break easily. As they had no capital for production equipment, they used their originality and ingenuity to improve their own factory, and in 1928, they finally completed the chain-stitch sewing machine for making straw hats that they had been longing for. The sewing machine that they sold gained a reputation for being more durable than foreign-made sewing machines, was popular with customers and even contributed to the revitalization of the domestic industry. The predecessor of Brother Industries, NIPPON SEWING MACHINE MANUFACTURING CO. was established in 1934. The Prospectus of Establishment demonstrates the brothers hope to produce sewing machines domestically, and contains their passionate feelings towards solving issues in society through enterprise. Passing on the spirit of foundation that seeks to contribute to society through business, today, it has reached and impacted all employees around the world as the spirit of "At your side."

Changes in sales revenue



* Sales until FY2015 were based on generally accepted accounting principles in Japan (JGAAP), while sales revenue from FY2016 is based on the International Financial Reporting Standard (IFRS).

Growth turning points and cultivated competitive advantage against the backdrop of needs

From foundation	From 1960	From 1970	From 1980	From 1990	From 2000
Diversifying Through Domestic Production of Sewing Machines and Applying Core Technologies Kanekichi Yasui, the father of the founding brothers, established a sewing machine repair business in 1908. At the time, Japan relied on imports for sewing machines, which were precision industrial products. With no work due to the recession, the eldest son Masayoshi, who was helping in the family business, made the decision to create work for people wishing to work, begin domestic production of sewing machines, and develop the import-based industry into an export-based industry. Joining forces, the brothers developed a chain-stitch sewing machine for the production of straw hats in 1928. In 1932, they completed development of the long-awaited domestic home sewing machine. Then, in 1947, the first sewing machine exports began. In 1954, they expanded overseas with the establishment of a facility in the United States. Utilizing technologies cultivated through sewing machines, they started diversifying and developed consumer electronics such as knitting machines, washing machines and vacuum cleaners.	Entering the Office Machine Field and Developing Machine Tools Refined Through a Philosophy of Independence In response to growing needs in the U.S. market, Brother began manufacturing portable typewriters in 1961. Receiving good reviews for price affordability and performance that was comparable to its competitors, they laid the foundations for Brother to become an office machine manufacturer. With the idea of making its own product-manufacturing machines, the company launched an external sales business for the machine tools it had been developing itself since its foundation. With outstanding machining performance, its tapping machines became a long-selling product. In 1966, it developed a calculator as its first product utilizing electronics technologies, which strengthened its position in the office machine field. While developing its own facilities in Europe, it expanded its overseas business through such moves as the acquisition of a major British sewing machine manufacturer in 1968.	Entering the Information Equipment Field and Promoting Mechatronics With the spread of compact computers (minicomputers), Brother noticed the limited choices available for printers that support those minicomputers, so it collaborated with venture company Centronics Data Computer Corp. in the United States to co-develop a high-speed dot-matrix printer in 1971. Developing this new market triggered a subsequent expansion of the information equipment business. Electronizing products one after the other, it launched the industry's first computerized home sewing machine in 1979 and an electronic office typewriter in 1980. Furthermore, it launched a numerical control machine tool into the machine tool field and pivoted to the mechatronics field, which combines mechanical and electronic technologies.	Acquiring Printing Technologies and Transforming Business In 1981, Brother rolled out a global brand strategy as an official supplier of the Los Angeles Olympics. Its unique products began to attract a lot of attention, including launch of the world's smallest personal printer utilizing thermal printing technologies in 1982, and the industry's first popular Japanese word processor in 1984. It was then able to apply the thermal printing technologies and kana-kanji conversion technologies cultivated through this development process to launch labeling systems in 1988. It was able to develop a new market under the P-touch brand. In response to trade friction and an appreciating yen, it expanded its production overseas. Starting to focus on business concentration and selection, Brother withdrew from the consumer electronics and musical instruments businesses and strengthened its investment in the information and communications equipment field instead.	Developing Online Karaoke Systems and Expanding Information and Communications Equipment Utilizing the content delivery technologies it cultivated through development of vending machines for computer software, Brother launched the industry's first online karaoke system in 1992. In the same year, it developed fax machines for the SOHO market that became a great hit for low prices and differentiated functions. In 1995, it launched a small All-in-Ones with fax machine, printer, copier and other functions condensed into one machine. Adding laser and inkjet technologies to its product lineup, Brother's business expanded rapidly as mass retail stores selling products to emerging business offices grew. Aiming to achieve optimal procurement and production globally, it began producing information and communications equipment in Asia as it went through a capital restructuring of its sales companies and integrated its manufacturing and sales functions.	Expanding Information and Communications Equipment and Strengthening the Business Portfolio In addition to China, Brother started producing in Vietnam and the Philippines and established a consumables recycling facility in Europe as part of efforts to strengthen its global production base. It also expanded its sales facilities and developed its business foundation globally. It dramatically expanded its business scale as well with a focus on information and communications equipment. In 2002, the company established its Medium-to Long-Term Corporate Vision. Then in 2008, it revised the Brother Group Global Charter, a foundation for all its activities, and embodied Brother's motto, "At your side." throughout its corporate culture. Through mergers and acquisitions, Brother added mobile printers, reducers, and other technologies to its business portfolio. Then in 2015, it acquired all shares in British company Domino Printing Sciences PLC and made its entry into the industrial printing business. It is now driving business expansion in the industrial field.
Cultivated competitive advantages ▶ Spirit of foundation ▶ Press-molding technologies and precision processing technologies ▶ Brother's own overseas sales channels ▶ Utilization of core technologies	▶ Product development incorporating the needs of overseas customers ▶ Development capabilities and mass production systems for the office machine field ▶ Precision processing technologies for the machine tool field ▶ Expansion of overseas facilities and market development capabilities	▶ New business development capabilities through joint development ▶ Dot impact printing technologies ▶ Mechatronics technologies through electronization ▶ Computer control technologies	▶ Global branding ▶ Thermal printing technologies ▶ Responsiveness to exchange rate fluctuations, and local production capabilities ▶ Information and communications technologies	▶ Content distribution technologies ▶ Electrophotographic technologies and inkjet printing technologies ▶ Business partner collaborations ▶ Global procurement and production system	▶ Global business foundation ▶ Established corporate culture of "At your side." ▶ Strengthened business portfolio through M&A ▶ Development and selling capabilities in the industrial printing field

Brother's Businesses

We Use the Competitive Advantage We Have Cultivated and Contribute to Improving Our Customers' Productivity and Unlocking Their Creativity through Our Businesses

In order to meet the needs of customers, the Brother Group uses the competitive advantage it has cultivated throughout its history of innovation to grow its businesses through manufacturing. Today, through its six businesses—Printing and Solutions (P&S), Machinery, Domino, Nissei, Personal and Home (P&H), and Network and Contents (N&C)—it aims to expand customer value by contributing to improving their productivity and unlocking their creativity.



Brother's Businesses

Printing and Solutions Business

P&S

We support the continuously changing business situations of our customers through our compact laser/inkjet printers and All-in-Ones for office and home use, as well as a diverse lineup of labeling systems and label printers for both home and business use.

See pages 30-31.



Machinery Business

Machinery

We contribute to improving the productivity of and creating new value for our customers through machine tools that are ideal for parts processing such as automobile and general machinery; industrial sewing machines that are easy to use, provide high-quality sewing and conserve energy; and garment printers that meet garment digital printing needs.

See pages 32-33.



Domino Business

Domino

We provide coding & marking equipment (C&M area) that prints information such as best-before dates and lot numbers on plastic bottles, cans and food packaging as well as digital printing equipment (DP area) that responds to the need for a wide variety of product packaging in smaller quantities and shorter delivery times, contributing to ensuring consumer protection, traceability* and improving productivity at factories.

See pages 34-35.

* Ability to clarify and maintain records of all food processes, from cultivation and breeding through to processing, manufacturing, and distribution.



Nissei

Nissei

We respond with precision to diversifying customer needs in fields such as automation and labor saving, which are expected to grow, and contribute to customer value creation through gearmotors with a wide range of product variations, high stiffness reducers that support industrial robots and factory automation equipment, and gears with high precision and quality.

See page 36.



Personal and Home Business

P&H

We propose the joy of making things by hand with products and services that support customers showing off their creativity, such as home cutting machines, centered on home sewing machines. Our high-end sewing and embroidery machines utilize IoT to expand the new possibilities for handmade items.

See page 37.



Network and Contents Business

N&C

We pursue the creation of new customer value by proposing services, products and content using the distribution technology that we have cultivated through online karaoke systems as well as by developing and providing JOYSOUND, an online karaoke system for business use.

See page 38.



The Value We Provide through Business

Solving customer's problems with high productivity and environmental performance

Achieving security, safety, and operational efficiency by adding information to various things

Continuing to support various work scenes by connecting with customers for years to come

Filling people's hearts through creativity and fun

Brother Group Vision
At your side
2030

Brother's Value Creation Process

We Seek to Contribute to Society, Help Protect the Earth, and Achieve Sustainable Growth by Expanding Customer Value Centered on the Spirit of "At your side."

Medium-term business strategy "CS B2024" Take off towards our new future
 Management foundation transformation for a sustainable future | Business portfolio transformation

INPUTS
 A Variety of Unique Technologies and Global Networks

Social and Relationship Capital See page 29.
 • A global customer base
 • Global business partners that we grow together with*1
 • Information obtained from relationships of trust with customers and business partners

Human Capital See pages 26-27.
 • Autonomous employees who share the spirit of "At your side." and are active around the world
 • A global team that supports high-level coordination of each function
 • A flat and open organizational culture

Intellectual Capital See page 29.
 • Manufacturing technology for both consumer and industrial use cultivated through business diversification since the Group's founding
 • Various printing engines developed in-house
 • Approximately 30,000 patents held worldwide*2

Manufactured Capital See page 29.
 • Global production base
 • A highly cost competitive and flexible production system

Natural Capital See pages 42-43.
 • Resource consumption (raw materials for products) 208,168 t*2
 • Total energy consumption (crude oil equivalent) 47,564 kl*2

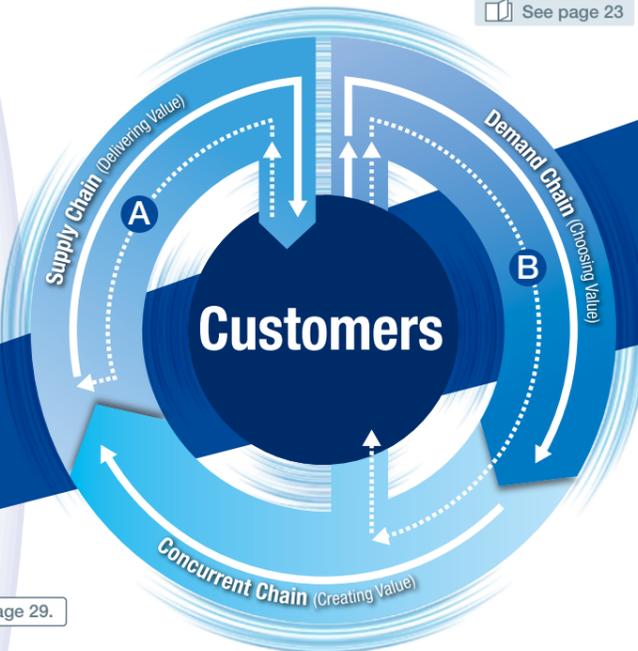
Financial Capital See pages 24-25.
 • Strong financial base
 • Investment of 150 billion yen for the future*3

*1 All business partners involved in the process of providing value to the Brother Group, such as sales channels and material suppliers.
 *2 FY2021 results *3 "CS B2024" target

Business Model
 The Evolution of Brother Value Chain Management (BVCM)

The Brother Group's management system identifies and eliminates barriers to customer's success. With the customer as the starting point, Brother precisely coordinates the functions of each chain and cooperates with external partners to provide superior value by quickly creating and delivering high-quality products and services.

See page 23



⇒ Sophistication and acceleration of basic BVCM processes
A Making the chain bidirectional for a circular economy
B Rapid product improvement based on customer feedback during the development stage with a focus on the industrial area

OUTPUTS
 A Diverse Range of Products, Services, and Solutions for Consumer and Industrial Use



OUTCOMES
 Materiality Solutions

- Pursuing a responsible value chain
- Realizing a diverse and active society
- Supporting people's value creation

Brother Group Vision
At your side 2030

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

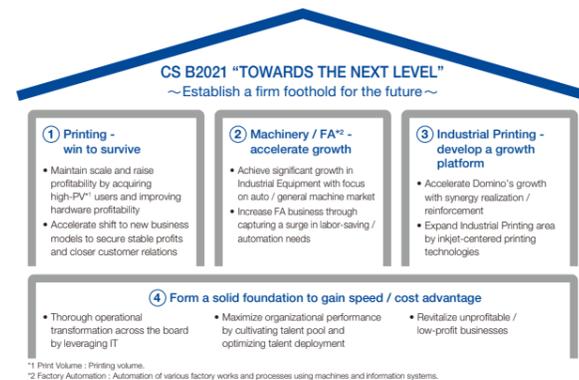
- Reducing CO₂ emissions
- Circulating resources

Background to Formulation of the Medium-term Business Strategy

Following the previous medium-term business strategy, which aimed to develop a growth foundation in the business environment undergoing drastic changes with the spread of COVID-19, the Brother Group has formulated a new medium-term business strategy, "CS B2024." Looking ahead to the medium- to long-term business environment, the Group aims for a business portfolio transformation as well as a management foundation transformation for a sustainable future to support it, under the theme of "Take off towards our new future" in order to achieve the Brother Group Vision "At your side 2030."

Review of "CS B2021"

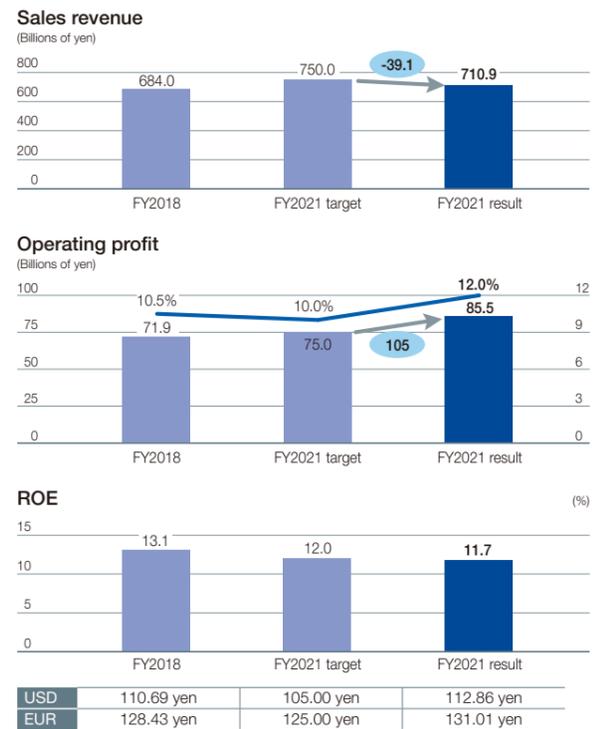
Under the previous medium-term business strategy CS B2021, we aimed to build a growth foundation by pursuing reforms in four strategies under the theme of "TOWARDS THE NEXT LEVEL." As for the sales revenue, operating profit, and ROE targets, which were set for financial



Under CS B2021, in addition to achieving significant profit improvement in the printing area, sales increased in the Industrial Equipment business, the industrial printing area, and the C&M* field of the Domino Business, and garment printers in the Machinery Business also showed steady growth. Moreover, the Brother Group quickly responded to the enormous amount of irregular operations caused by the COVID-19 pandemic, and improved its operational efficiency. On the other hand, the acceleration of business model transformation in the printing area and growth in the industrial area are still in progress, and further transformation is necessary going forward, including in the management foundation.

* Coding & marking equipment

indicators, although sales revenue fell short of the target, operating profit exceeded the target greatly amid the drastically changing business environment due to the global impact of the COVID-19 pandemic. As for ROE, it came in roughly in line with the target level.



Issue: Profitability improved significantly, but we did not achieve our target for growth in the industrial area, and we recognize the need for a variety of transformations for the future, including in various management foundations.

	Achievements of CS B2021	Challenges for CS B2024
Printing - win to survive	<ul style="list-style-type: none"> Achieved significantly improved profits due to steady sales of consumables, improved product mix, and mitigation of price competition 	<ul style="list-style-type: none"> Accelerate business model transformation Achieve growth in Commercial & Industrial Labeling business
Machinery / FA - accelerate growth	<ul style="list-style-type: none"> In Industrial Equipment business, increased sales in automobile and general machine market 	<ul style="list-style-type: none"> Achieve continuous growth in sales of Industrial Equipment business Return Nissei's business to a growth trajectory
Industrial Printing - develop a growth platform	<ul style="list-style-type: none"> Domino's C&M and garment printer achieved steady growth Enhanced Domino's product lineup by utilizing Brother's development resources 	<ul style="list-style-type: none"> Accelerate growth in Domino business Strengthen technological foundation for product development in Industrial Printing area
Form a solid foundation to gain speed / cost advantage	<ul style="list-style-type: none"> Reduced man-hours and other measures through operational reforms and responded to myriad irregular operations during the COVID-19 pandemic 	<ul style="list-style-type: none"> Improve resilience of own supply chain, which showed confusion due to the COVID-19 pandemic Optimize allocation of talents to priority areas such as the industrial business area

Business Environment Awareness, Vision, and Identification of Materialities

We have formulated the Brother Group Vision "At your side 2030," which presents the Brother's raison d'être and value proposition to society, while recognizing the changes in the business environment surrounding the Brother Group for the year 2030. To realize this vision, we evaluated the importance

of the subjects identified as key social issues from the SDGs for society and the Group. Based on the opinions of external experts and other factors, five materialities were identified through discussions at management meetings and the Board of Directors.

Changes in the Business Environment for 2030

Changes in Society

- Major changes in people's values, including work styles
- Accelerating changes due to the impact of COVID-19
- Growing demand for sustainability which led to increased global interest in corporate raison d'être and social value

Changes in the Business Environment Surrounding Brother

- Digitalization and adoption of remote work
- Diversifying purchasing behavior
- Growing demand for mass customization
- Accelerating trend toward automation and networking at manufacturing sites
- Growing supply chain risks due to disasters, infectious diseases, geopolitical risks, etc.

Formulated "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.

Identified the five materialities

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**.

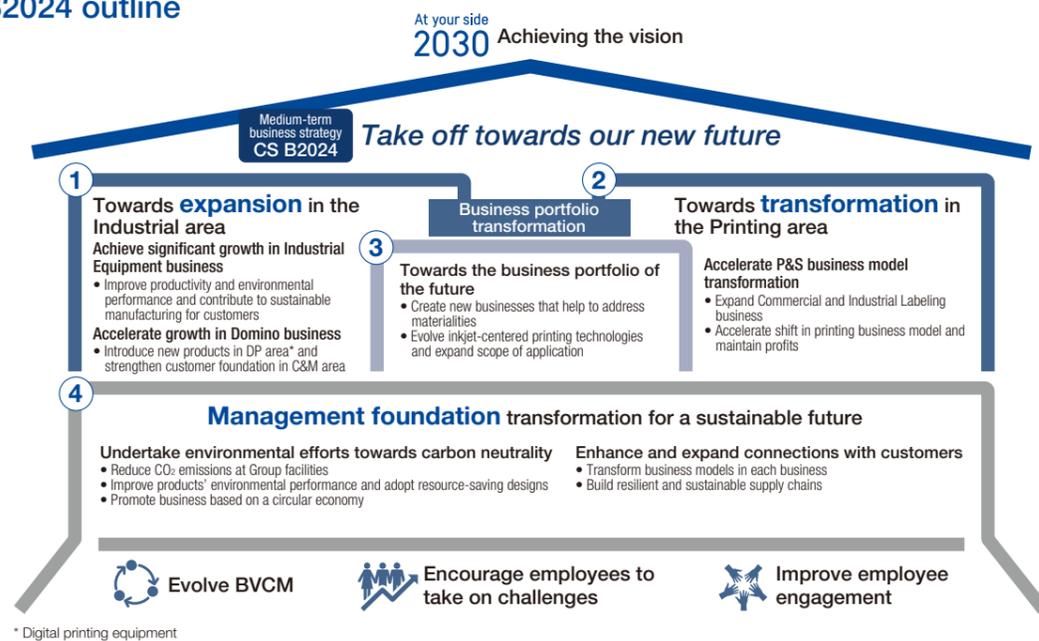
Identified the five materialities

- Supporting people's value creation
- Realizing a diverse and active society
- Pursuing a responsible value chain
- Reducing CO₂ emissions
- Circulating resources

Medium-term Business Strategy “CS B2024”

The Brother Group has formulated its medium-term business strategy CS B2024 by backcasting from the Brother Group Vision “At your side 2030.” We then delved into Our Focus Areas and Our Approach in order to fulfill “Our Purpose” stated in the Vision, and indicated the key initiatives under CS B2024. Going forward, we aim for a business portfolio transformation to ensure our continued growth as a multi-business enterprise in the industrial and consumer areas, and for a management foundation transformation that incorporates elements of sustainability, such as solving social issues and engaging in environmental initiatives. Furthermore, we have positioned addressing these five materialities as a key management issue during the CS B2024 period and will promote activities across the entire Group.

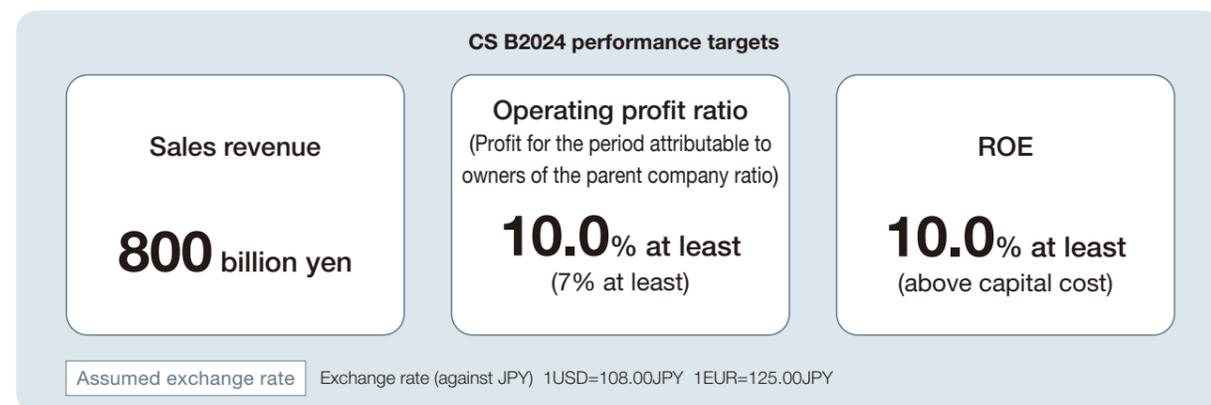
CS B2024 outline



Financial Targets

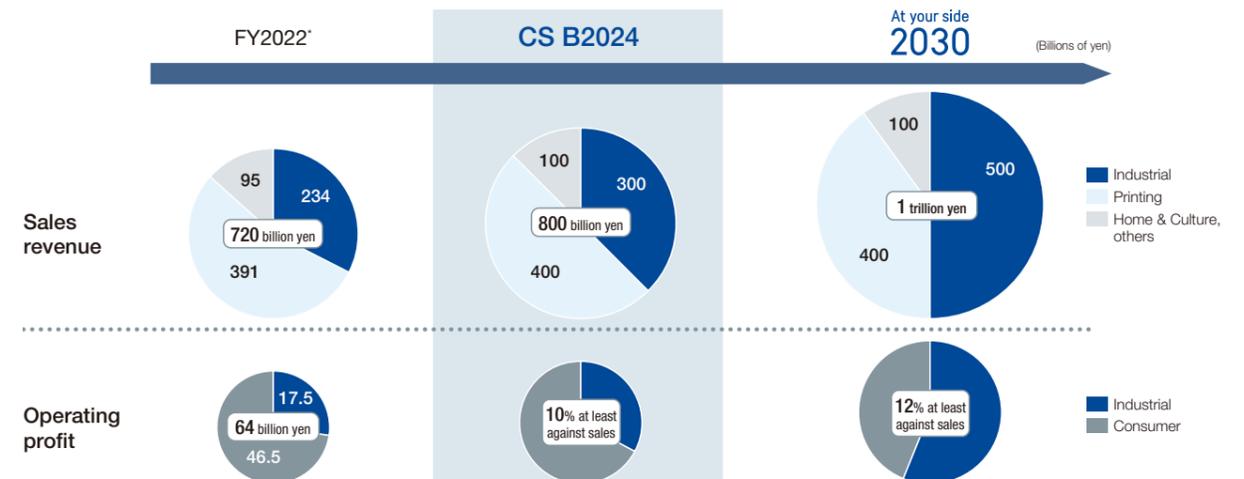
The financial targets are set to be achieved at the same time as the sustainability targets. The currency exchange rate assumptions for the FY2024 targets were 1 US dollar = 108 yen and 1 euro = 125 yen before the rapid depreciation of the yen, with the target of 800 billion yen in sales revenue and 10% or more in both operating profit ratio and ROE. In terms of business composition, we plan to expand the sales composition of the industrial area, which currently accounts for

approximately 30% of total sales revenue, to just under 40%, and to approximately 50% by FY2030. Conversely, the printing business, which accounts for more than 50% of sales revenue, will maintain the scale of sales through business model transformation, while its composition ratio will decline. As a result of these factors, we aim to achieve sales revenue of 1 trillion yen and an operating profit ratio of at least 12% in FY2030.



Transformation and Image of Changes in the Business Portfolio

By transforming our business portfolio through expansion in the industrial area and transformation in the printing area and by continuing to grow as a multi-business enterprise in the industrial and consumer areas, we aim to achieve sales revenue of 1 trillion yen and an operating profit ratio of at least 12% in FY2030.



Sustainability Targets

The Brother Group has set sustainability targets for the period of CS B2024 to address the five materialities identified for achieving “At your side 2030,” and will promote the efforts as important management issues.

Materiality	Targets for FY2024	Relevant SDGs
Contribute to society	Supporting people's value creation • In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing CO ₂ emissions • In P&S business, build platform to connect directly with customers towards improving LTV* ¹ of customers	3, 8, 9, 12, 13, 17
	Realizing a diverse and active society • 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* ²	3, 4, 5, 8, 17
	Pursuing a responsible value chain • Expand the human rights risk assessment on suppliers • Attain RBA Gold certification for three Group manufacturing facilities	3, 4, 5, 8, 10, 17
Protect the earth	Reducing CO₂ emissions • [Scope 1 and 2] Achieve 47% reduction from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level • [Scope 3] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level	7, 12, 13, 17
	Circulating resources • Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%	6, 11, 12, 14, 15, 17

*1 Lifetime value (LTV): Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services
 *2 To be implemented at Brother Industries, Ltd.

Four Priority Themes of CS B2024

Under the theme of “Take off towards our new future” in the medium-term business strategy CS B2024, the Brother Group aims for the business portfolio transformation as well as the management foundation transformation to support a sustainable future. We will promote activities with four key themes: (1) expansion in the industrial area, (2) transformation in the printing area, (3) activities toward the business portfolio of the future, and (4) management foundation transformation for a sustainable future.



Business Portfolio Transformation

① Towards Expansion in the Industrial Area

Achieve Significant Growth in the Industrial Equipment Business

In response to the growing demand for EV-related parts and the accelerating trend of carbon neutrality, we will further improve the high productivity and environmental performance of the compact machine tool SPEEDIO series in the industrial equipment business to contribute to customers' strengthening of manufacturing

competitiveness and reduction of CO₂ emissions, with the aim of achieving sales revenue of 100 billion yen in FY2024.

As key initiatives, we will work to expand our customer base in addition to enhancing our product strength and supply capacity.

Key initiatives

Enhance product strength and supply capability

- Contribute to customers' strengthening of manufacturing competitiveness and reduction of CO₂ emissions
 - Further pursue strength of high productivity and energy-saving performance
 - Respond to labor-saving/automation needs
 - Expand sales by effectively promoting environment performance
- Provide peripheral services using digital technologies
- Expand production capabilities and storage functions

Expand customer base

- Expand sales to automobiles and general machine market
 - Use change in processing requirements as an opportunity and launch full-scale push in EV-related market
 - Develop non-auto applications towards further growth
- Enhance sales organizations in major markets
 - Expand and enhance sales facilities and human resources in Japan, China, and India
- Introduce new category products

Sales revenue



* Reference values for comparison with FY2024 targets and exchange rate assumptions

Industrial Equipment (machine tools):
Significant growth by leveraging high productivity and energy-saving performance

Accelerate Growth in the Domino Business and Enhance the Industrial Inkjet Technology Foundation

In response to the growing demand for high-mix low-volume printing and increasing interest in traceability to ensure safety in food and other products, we will enhance product strength by introducing new products and strengthen relationships with customers for digital printing equipment (DP area)*¹ and coding & marking equipment (C&M area)*² in the Domino Business, with the aim of achieving sales revenue of 100 billion yen in FY2024.

As key initiatives, we will work on measures such as providing solutions using the expertise in digital printing technology as well as enhancing our industrial inkjet technology foundation, including the development of printing heads and inks, under the theme of enhancing the ability to provide highly specialized solutions.

*¹ Printing of items such as product packaging labels
*² Printing of expiration dates and other information on PET bottles and cans

Key initiatives

Enhance ability to provide highly specialized solutions

- Pursue best-in-class “customer experience”
 - Solve expanding issue of traceability in daily consumables
 - Use expertise in digital printing technology to provide solutions
 - Strengthen relationships with customers using digital technologies and expand aftermarket sales
- Enhance product competitiveness
 - Continue to launch new competitive products in DP and C&M areas using Brother's development foundation

Enhance industrial inkjet technology foundation

- Enhance development of element technologies
 - Develop printing heads and inks with a view of future application expansion and sustainability requirements
- Strengthen inkjet production foundation

Sales revenue



* Reference values for comparison with FY2024 targets and exchange rate assumptions

DP area:
Accelerate growth by launching new products
C&M area:
Achieve stable growth by strengthening relationships with customers



Business Portfolio Transformation

② Towards Transformation in the Printing Area

Accelerate P&S Business Model Transformation*

Even amid the harsh market environment, we will strive to strengthen profitability of existing areas in the printing business, while accelerating the shift to a business model that connects with customers, such as a contract-based business model, with the aim of achieving sales revenue of 430 billion yen in FY2024.

As key initiatives, we will strive to strengthen profitability of existing businesses in the printing business while expanding business that continuously connects with customers. In the commercial & industrial labeling business, we will work to expand business by strengthening sales in the automatic recognition area.

* The commercial & industrial labeling business refers only to the commercial and industrial segment of the labeling business in the P&S Business.

Key initiatives

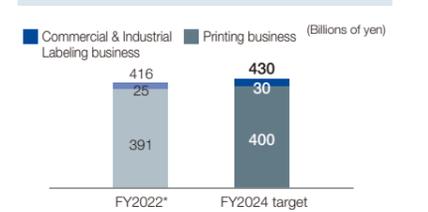
Accelerate shift in printing business model and strengthen profitability

- Expand businesses with continuous ties to customers
 - Enhance contract-based services that respond to a wide variety of customer needs, including remote work
 - Build contact points with customers using apps of labeling equipment
- Undertake efforts that contribute to sustainability
- Maintain laser business market position
- Profit and growth of inkjet business

Expand Commercial & Industrial Labeling business

- Strengthen sales in auto-ID market
 - Provide simple barcode printing solution that is easy to implement for retail, logistics, and manufacturing industries
- Expand application of label printers
 - Enhance consumables and apps that are compatible with labeling applications in various situations, such as wire marking

Sales revenue



* Reference values for comparison with FY2024 targets and exchange rate assumptions



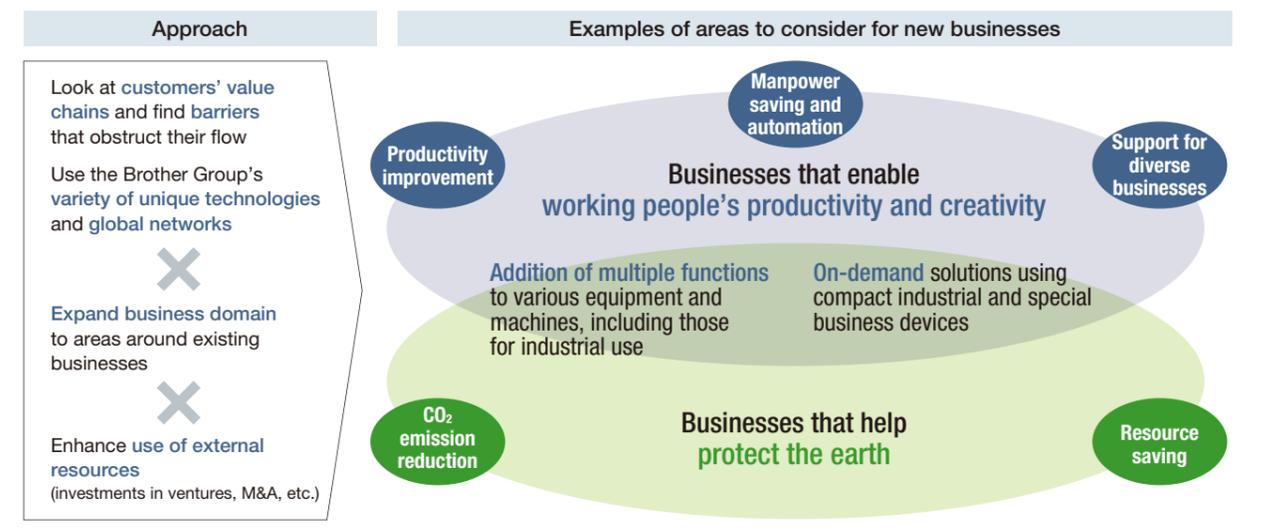
Business Portfolio Transformation

③ Towards the Business Portfolio of the Future

Create New Businesses That Help to Address Materialities

The Brother Group has developed its business in more than 40 countries and regions while creating new businesses by leveraging its variety of unique technologies and global network cultivated throughout its history. In the future, we will leverage

these strengths to search widely for business opportunities that “enable working people's productivity and creativity” and “help protect the earth” with the aim of creating new businesses that will help to address materialities.





④ Management Foundation Transformation for a Sustainable Future

Undertake Environmental Efforts towards Carbon Neutrality

The Brother Group has declared in the Brother Group Environmental Vision 2050 that it will achieve carbon neutrality in its business activities by 2050, and has set targets for reduction of CO₂ emissions, resource circulation, and

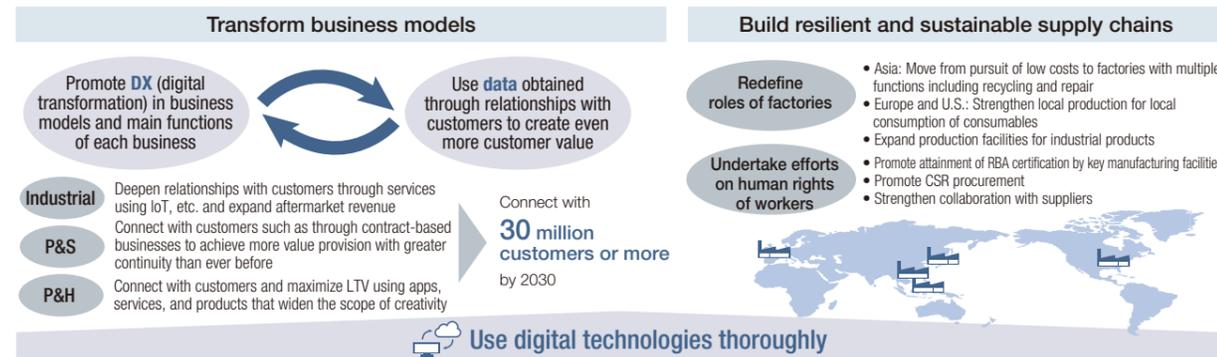
biodiversity conservation and is making efforts to achieve these targets. Furthermore, we have set a medium-term goal for 2030 and will accelerate our efforts to solve environmental issues on a global scale, such as reduction of CO₂ emissions.

Main efforts in CS B2024	2030 targets of Environmental Vision
Reduce CO₂ emissions at Group facilities globally <ul style="list-style-type: none"> Promote energy-saving activities Conduct energy-generation activities such as installation of solar panels Purchase CO₂-free electricity 	Reduction of CO₂ emissions [Scopes 1 and 2] 65% reduction [Scope 3] 30% reduction (from the FY2015 level) Resource circulation Ratio of virgin materials used in products: 65% or less Biodiversity conservation Reduction of environmental impact on the ecosystem and conduct of activities to restore and conserve the ecosystem
Reduce CO₂ emissions in product life cycle <ul style="list-style-type: none"> Further reduce energy consumption and lengthen lifespan Maximize use of recycled materials Strengthen collaboration with suppliers for reduction of CO₂ emissions across the entire supply chain 	
Promote businesses based on a circular economy <ul style="list-style-type: none"> Expand recovery and recycling of printer consumables Encourage product reuse Expand businesses with continuous ties to customers, such as subscription services 	
Others <ul style="list-style-type: none"> Conduct tree-planting and forest conservation activities Invest in environment-related venture capital 	

Enhance and Expand Connections with Customers

The Brother Group will aim to connect with even more customers in each business and continuously provide more value than ever before, and also to transform its business model by using data

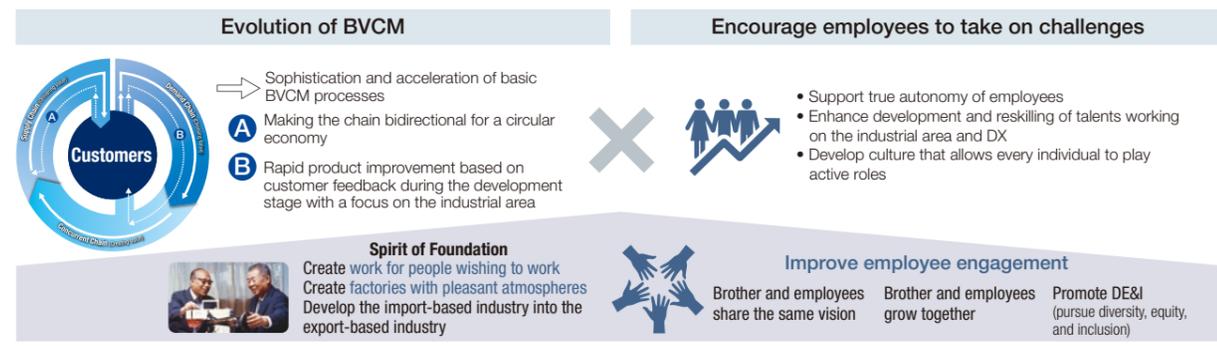
obtained through relationships with customers to provide even more value to them. Moreover, we aim to provide a more stable supply of products by establishing a more resilient supply chain.



Foundation for All Transformations—Evolution of BVCM and Employees' Challenges and Engagement

In order to continue improving the Brother Group's productivity and creativity, we will continuously work to evolve our own management system, the Brother Value Chain Management

(BVCM), as the foundation for all transformations, to encourage employees to take on challenges, and to improve employee engagement.



Evolution of BVCM

Business Model for Value Creation: **Brother Value Chain Management (BVCM)**

BVCM is the Brother Group's original management system that considers customer demands and expectations to be top priority and our guide for all of our business operations including product planning, development, design, manufacturing, sales, and service, and is designed to find and eliminate the bottlenecks to customer success and quickly provide them with exceptional value. The Group aims to maximize the value it provides by continuing to evolve BVCM.

Advantage of BVCM

With BVCM, we create value flexibly and quickly through the process for delivering superior value to customers. BVCM consists of three chains—the Demand Chain, Concurrent Chain, and Supply Chain. After providing value to customers,

we then make additional improvements while listening to feedback from customers and the market. By accelerating the circulation of this customer-oriented value chain, we are able to quickly deliver superior products, services, and solutions.

Demand Chain (Choosing Value) <ul style="list-style-type: none"> Understand the true needs of customers on a global basis and determine our unique value to provide Planning and development departments work together to determine the best way to create and deliver value 	Concurrent Chain (Creating Value) <ul style="list-style-type: none"> Development departments (for machinery, electricity & electronics, software, chemicals, etc.), manufacturing departments, and suppliers work in close collaboration Utilize an optimal combination of internal and external technologies 	Supply Chain (Delivering Value) <ul style="list-style-type: none"> Refine cost competitiveness and adaptability to changes, and manufacture the best products in the best regions Provide detailed sales and services based on a thorough understanding of the characteristics of customers in each country and region
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Evolution of BVCM

In order to realize the Brother Group Vision of "promotion of cyclical businesses" and "expansion in the industrial area," we have added **A** Making the chain bidirectional for a circular economy and **B** A flow of rapid product improvement based

on customer feedback during the development stage with a focus on the industrial area, to the basic BVCM process (solid white line). Along with the basic process, we will further advance and accelerate the process.



- ⇒ Sophistication and acceleration of basic BVCM processes
- A** A flow to achieve resource circulation by collecting and reusing resources from cartridges such as ink and toner to whole products in order to realize a circular economy
- B** A flow to have customers try prototypes as soon as possible and improve products quickly by obtaining feedback from customers in the industrial area and new businesses.

Financial Strategy

Message from the Managing Executive Officer in Charge of the Finance & Accounting Dept.



Targeting further growth in corporate value through steady execution of financial strategies to achieve our vision while achieving sound growth and sustainability for the Brother Group

Toshihiro Ito

Managing Executive Officer

Responsible for: The Finance & Accounting Dept., Law, Environment & General Affairs Dept., and the Environment & Climate Change Strategy Dept.

I believe that enhancing corporate value means increasing expectations from society as a whole for the future of Brother. We established the Brother Group Vision of "At your side 2030" as our vision for the Group by FY2030. Under CS B2024, our first medium-term business strategy for achieving this vision, we have three financial policies for enhancing corporate value. They are "ROE of at least 10%," "strengthening of shareholder returns," and "responsibility and contribution to sustainability."

To enhance ROE, we will generate future growth and healthy profits by maximizing the use of our current assets and management resources, and investing actively and appropriately. In terms of investment, we will utilize self-funding, operating cash flow, and interest-bearing debt while remaining conscious of the efficiency and speed of capital costs and investment returns.

To achieve shareholder returns, we follow the basic policy of distributing stable and continuous dividends. In CS B2024, we use 68 yen per share as our minimum annual dividend while strengthening shareholder returns through additional payouts, including an increase in the dividend level, depending on factors such as business performance and capital holdings.

For our strategy of responsibility and contribution to sustainability, we will actively invest with the aim of driving initiatives for addressing materialities.

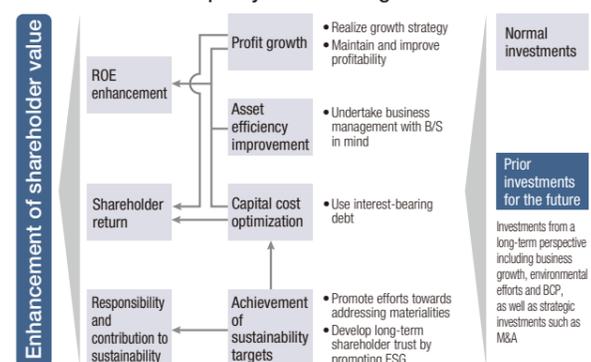
My role is to steadily implement the financial strategies we have established in CS B2024. My aim is to generate healthy revenues and profits, while accomplishing our sustainability targets, in order to ensure Brother remains needed and trusted by society over the long term.

Financial Policy in the Medium-Term Business Strategy "CS B2024"

Our aim within the Brother Group is to achieve long-term and continuous enhancement of shareholder value. However, our aim is to do this by contributing to sustainability rather than focusing on revenue and profit growth alone.

In our medium-term business strategy CS B2024, in addition to effective capital utilization and the normal investments that are necessary for business continuity, we will actively implement "prior investments for the future" with the aim of "business portfolio transformation" and "management foundation transformation for a sustainable future." In addition to profit growth, we will promote policies such as asset efficiency improvement and capital cost optimization, enhance ROE and provide stable shareholder returns. We will also develop long-term shareholder trust by promoting ESG initiatives such as addressing materialities.

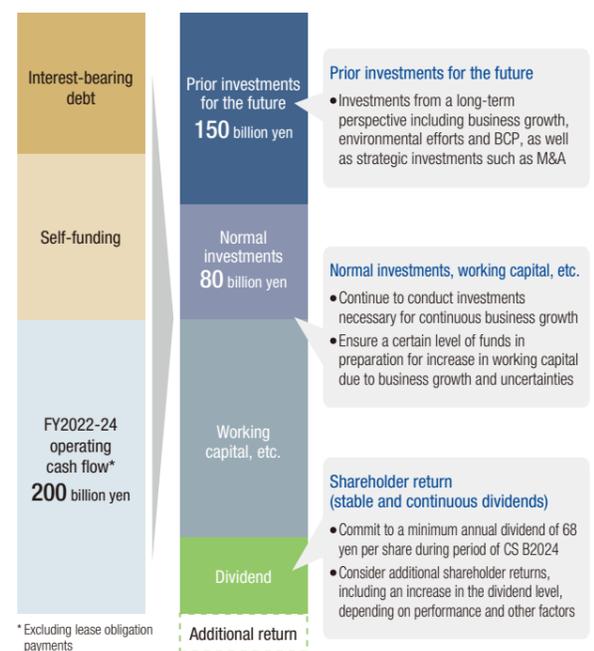
Overview of financial policy for enhancing shareholder value



Capital Policy

Our capital policy is to utilize operating cash flow and interest-bearing debt generated from business growth while enhancing shareholder returns, and to actively implement prior investments for the future, in addition to making normal investments.

Cash allocation



Prior Investments for the Future

To achieve business portfolio transformation and management foundation transformation for a sustainable future, we have established a prior investment framework of 150 billion yen.

Firstly, in order to promote business portfolio transformation, we will invest 50 billion yen toward expansion in the industrial area and transformation in the printing area. Specifically, we will reinforce sales and service facilities in the industrial area, reinforce production capacity in the machinery/FA area, and expand development and manufacturing facilities in the inkjet area.

We have also established a strategic investment framework of 30 billion yen to develop our business portfolio for the future. We will consider M&A opportunities to create new businesses and technologies that help to address materialities, such as businesses that support worker productivity and creativity and businesses that

contribute to the future of the planet, and to further evolve and expand the scope of application of our inkjet-centered printing technologies.

To promote management foundation transformation for a sustainable future, we will invest 70 billion yen toward enhancing and expanding environmental efforts and connections with customers. Specifically, we will invest in factories for "local production for local consumption" of products and the realization of a circular economy. We will also introduce energy generation equipment at Group facilities and construct a new environmentally friendly building in the head office area of Brother Industries, Ltd. In addition, we will invest in the expansion of factories with multiple functions added for supply chain resilience, and we will invest in digital transformation to enhance and expand connections with customers.

Prior investments for the future

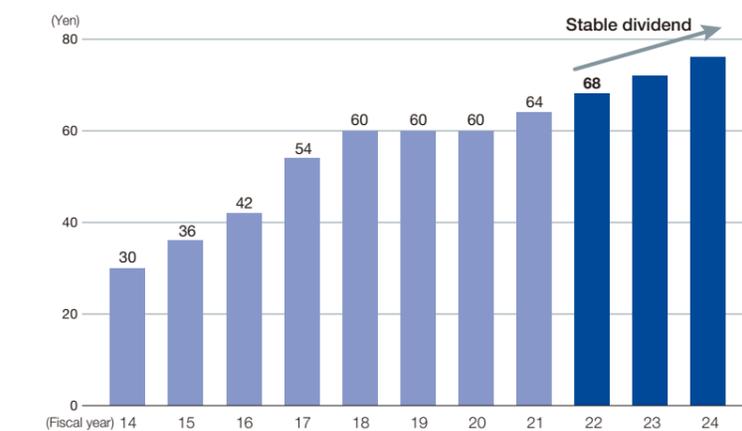
	Theme	Main items	Amount
Business portfolio transformation	Towards expansion in the Industrial area	<ul style="list-style-type: none"> Reinforce sales and service facilities of Industrial area Reinforce production capacity in the Machinery/FA area Expand inkjet development and manufacturing facilities 	50 billion yen
	Towards transformation in the Printing area		
	Towards the business portfolio of the future	<ul style="list-style-type: none"> Create new businesses and technologies that help to address materialities Evolve printing technology with inkjet at its core and expand its range of applications (activities with M&A in mind) 	30 billion 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 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) 	70 billion yen
	Enhance and expand connections with customers		
Total			150 billion yen

Shareholder Returns

During the period covered by our medium-term business strategy CS B2024, while actively making prior investments for the future, we will comprehensively consider maintenance of the necessary internal reserves, the status of cash flow, and other factors, to provide stable and continuous shareholder returns.

Specifically, we have set a minimum annual dividend of 68 yen per share, and will consider additional shareholder returns, including an increase in the dividend level, depending on factors such as business performance. In addition, we will flexibly carry out repurchase of our own shares.

Annual dividend per share



Shareholder return policy

Basic policy

Implement stable and continuous shareholder returns

- Minimum annual dividend of **68 yen** per share during period of CS B2024
- Consider **additional shareholder returns**, including an increase in the dividend level, depending on factors such as business performance. In addition, flexibly carry out **repurchase of our own shares**.

Human Capital

Advantage

- Autonomous employees who share the spirit of "At your side." and are active around the world
- A global team that supports high-level coordination of each function
- A flat and open organizational culture

The most important foundation for the Brother Group's sustainable growth is its human resources. The Brother Group has made "realizing a diverse and active society" its materiality, and has established the following targets for FY2024: "improving employee engagement*," "encouraging the assignment of local employees to top management positions of facilities outside Japan," and "strengthening the talent pipeline for gender balance and establishing an environment for achieving diverse ways of working." Toward the "management foundation transformation for a sustainable future" set forth in the medium-term business strategy, the Brother Group will continue to enhance its own productivity and creativity, as well as take actions to further strengthen its human capital such as by creating a comfortable working environment for each and every employee.

* Relationships in which employees and management are equal to each other and provide value to each other.

Efforts to Strengthen Human Capital for the Creation of New Value

Development of Global Human Resources

The Brother Group delivers products, services, and solutions to customers all over the world with manufacturing facilities and sales facilities in more than 40 countries and regions of the world. We believe that enhancing the human resources development and related systems necessary for the operation of our businesses while making the most of the characteristics of each country and region will help employees to exhibit their talent and skills over a long period of time. Based on this belief, we have put a development environment in place and built various systems.

One of our efforts to develop global human resources is the "trainee program*." The trainee program has been conducted since 2008 to send trainees between Brother Industries, Ltd. (BIL) and Group companies outside of Japan. This program is designed for young employees and is also an opportunity not only to gain experience overseas, but also to gain new knowledge through experiences that diverge from their expertise, such as developers visiting customers together with salespersons to hear directly from customers about their needs and usage conditions. In addition, since FY2018, the program has also been implementing a short-term training* for engineers in their 20s to learn at manufacturing or repair sites outside Japan for one month. Furthermore, the Group has been organizing a variety of other self-development programs, including language learning programs, in order for its employees to acquire the skills necessary to be active on a global scale.

* The program was cancelled in FY2020 and FY2021 due to COVID-19.

Active Promotion of the Executive Globalization and Local Employment

The Brother Group has been promoting the globalization of its executive personnel by appointing qualified persons, regardless of their nationality, to executive positions of the Group companies in various countries and regions to realize both community-based and global management. At facilities of the Group, we are actively promoting local employees to executive positions—this includes promotion to the position of president at facilities of regional headquarters. In the Group companies outside Japan, local employees occupied 67% of management positions in FY2021, increasing from 55% in FY2017.

Through establishing new facilities and expanding its existing facilities, the Brother Group also contributes to the revitalization of regional economies and societies by creating jobs in the region. The factory established in the Philippines in 2012, for example, employs approximately 6,000 local workers, and in Vietnam, two manufacturing facilities created the job opportunities for a total of more than 14,000 workers.

Promotion of the Appointment of Women to Managerial Positions

The number of female managers at BIL was 45* in FY2021, and we are supporting further promotion of female managers in order to reach the target of at least 60* female managers by FY2025. Furthermore, we are also taking measures to reduce the number of female employees leaving the workforce, which is one of the challenges in increasing the percentage of female managers. In September 2022, we launched the Women's Leadership Development Program, which had 24 participants. In addition, we are considering a program to allow flexible work styles for employees to work at any time and from any place.

* Including positions equivalent to managers as well as specialists with equal compensation

Promotion of the Success of Women

BIL has been proactively supporting women's careers by formulating the "Commitment to Promotion of the Success of Women" and the "Action Plan to Support the Success of Women." The Company has also been adopting telecommuting and providing lectures by experts since FY2015 in an effort to create workplace environments that enable working women to play greater roles than before. Moreover, BIL has been posting on the intranet the career profiles of female managers who serve as in-house role models. It has also been holding various events, such as internal small-group discussion meetings called the "Career Community" and round-table discussions among Outside Director Aya Shirai, female managers, and female employees.

Development of DX Personnel

BIL uses IT to automate and optimize routine work, such as with robotic process automation (RPA)* and artificial intelligence (AI), across the Company to continue improving its own productivity and creativity and to quickly provide its customers with superior value. The internal AI training program aims to assign at least one AI-savvy employee to each business division and offers programming courses for beginners to encourage employee participation regardless of affiliation or level of basic knowledge. As of FY2021 in the internal AI training program, a total of 449 employees have attended classroom lessons taught by a lecturer while 4,208 employees have attended online lessons using textbooks.

* Automation by software robots

Implementation of the Employee Engagement Survey

BIL has made "improving employee engagement" one of its materiality targets for FY2024 in order to realize a transformation for the achievement

of the Brother Group Vision and to encourage employees to take on new challenges. For this target, BIL aims for a relationship in which employees and management are equal to each other and provide value to each other. In addition to the employee awareness survey, which has been conducted annually since 2008, a new employee engagement survey was conducted in FY2022. The results of the survey revealed that about half of the employees felt "support for their growth" from the organization, with a high level of "alignment with the organization" and "sense of contribution," indicating that engagement was high overall. An analysis of the results

also revealed five important elements for maintaining a high level of engagement and achieving transformation and innovation in the future. In order to maintain and improve such elements, we are planning to improve engagement across the Brother Group by implementing initiatives to enhance the quality of each employee's target setting and to promote self-directed career development, as well as by considering an employee engagement survey in a different form for Brother Group companies outside Japan.

Comfortable Working Environment

Promoting Health and Productivity Management

The Brother Group considers that managing the health of each and every employee is important for them to exhibit their talent and skills over a long period. In September 2016, BIL established the Brother Group Health & Productivity Management Philosophy and also formulated Healthy Brother 2025, a set of long-term targets to be achieved by FY2025, with the aim of allowing employees to actively demonstrate their abilities in a wide variety of areas. These targets include a smoking rate of less than 10% and a secondary cancer screening rate of 90% or above. We have also built a health & productivity management promotion system led by the President of BIL, who serves as Chief Health Officer (CHO). Under this system, the Company, the labor union, and the health insurance society collaborate with each other, working on initiatives to further increase the rate of employees maintaining exercise habits. In addition, BIL is working strategically to support the maintenance and improvement of the health of its employees through measures such as creating health & productivity management strategy map to visualize continuous flow including issues to be solved through health & productivity management and efforts to solve them. As a result, BIL was selected as one of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program, making it the sixth time for the Company to be selected under the recognition program.



Support for Diverse Work Styles

BIL has established various systems to support the work-life balance of its employees, including flextime, childcare or family-care leave, short-time working, and nursing care leave systems, so that they can continue working vigorously with no anxiety. Since FY2011, BIL has been holding the seminar to consider how to strike a balance between work and family care in preparation for the arrival of an age with serious family-care problems in the near future. Managers, in particular, are required to participate in the seminar to gain information that helps them prepare for the risks associated with their subordinates' family-care. BIL has also set a goal of increasing the percentage of male employees taking two or more weeks of childcare leave to at least 60% by FY2025 and the percentage of male employees taking a total of four or more weeks of childcare leave to at least 30% by FY2025. To achieve these goals, BIL has organized career communities for male employees since FY2018 on the subject of balancing work and childcare, and by FY2021, a total of 61 employees, including male employees considering taking childcare leave, their supervisors, and female employees, have participated in the career communities. Through these efforts, we are focusing on making it easy to use such systems and creating an organizational culture that allows employees to have diverse options for their work styles, in addition to developing various systems that support their work-life balance.

Data Regarding Users of Systems for Supporting Work-Life Balance

<https://global.brother/en/sustainability/social/workplace#w04>

TOPICS

Promoting Our Vision

Personalization of the Brother Group Vision "At your side 2030"



Promoting Our Vision (Brother International Philippines Corporation)

The Brother Group is committed to promoting its Vision "At your side 2030" so that each and every employee understands, aligns with, and actively implements the Vision. Specifically, this promotion includes approximately 800 managers of BIL sharing their missions for achieving the Vision on the intranet, and a new employee training program including a time to discuss what actions they can take to achieve the Vision. The Group also conducts activities globally, such as team discussion on "who the 'you' in the Vision represents in our business," and summarizing them into an action declaration. As of July 2022, approximately 6,300 employees have participated in these Promoting Our Vision activities, and each site is working autonomously.

We will continue to promote the personalization of our Vision to ensure that all employees can work as one toward the achievement of our Vision.

Voice of an employee who utilized the childcare leave system

Appreciation and growth experienced through childcare leave



With the birth of my second child, I took a month of childcare leave. Before the leave, my superior was very understanding and told me, "Leave it to me to support you during your absence," and my colleagues were also very supportive, which helped ease my worries about taking the leave. The childcare leave period coincided with my oldest son's summer vacation, so it was a very valuable time for the whole family to try various activities and grow together.

After returning to work, I am very grateful to the office that made my return to work a smooth one, as they took over all my duties during my absence.

In the future, I would like to actively share my experience of childcare leave with those around me and provide support to other members who are considering taking childcare leave, so that more people at my workplace will take childcare leave.

Jimbo Kamada

Sales & Marketing Dept., Personal & Home Business Division
Brother Industries, Ltd.

Intellectual Capital

Advantage

- Manufacturing technology for both consumer and industrial use cultivated through business diversification since the Group's founding
- Various printing engines developed in-house
- Approximately 30,000 patents held worldwide *

We Will Enhance Our Brand Value through Our Technical Capabilities Trusted by Customers, While Effectively Using Our Proprietary Technologies and Intellectual Property Rights

The Brother Group considers true technical capabilities to refer to the utilization of Brother's variety of unique technologies to create products and services that customers demand. To offer products, services, and solutions chosen by customers, we give full attention to customers and devote ourselves to value creation by constantly thinking about what technologies can be made to satisfy customers and what kind of products will be helpful to customers.

Manufacturing Technology for Both Consumer and Industrial Use Cultivated through Business Diversification since The Group's Founding

In 1908, the Brother Group started out in the sewing machine repair business, and by leveraging its product knowledge gained through sewing machine repairs, it succeeded in the domestic mass production of home sewing machines in 1932. From there, the business was diversified into typewriters and home appliances, leveraging the press-molding and precision processing technologies gained through the development and manufacturing of sewing machines. Refining its motor and electronic technologies into those for machine tools and information and communications equipment, the Group has developed a wide range of products for both consumer and industrial applications through expanding and combination of its technologies. With the expansion of its variety of unique technologies such as this, we are able to create original products and provide customers with value that only Brother can offer.

Decade	Base Product / Technology	Combination / Application	New Products / Businesses
1960s	Processing and casting technologies, etc. for sewing machines	⇒	Typewriters
	In-house technologies for sewing machine processing	⇒	Tapping machines (machine tool field)
1980s	Thermal printing technology for electronic personal printers and katakana-kanji conversion technology for Japanese-language word processors	⇒	Label writers
	Thermal printing technology, information and communications technology, and scanning technology	⇒	Fax machines
	Content distribution technology for the PC software vending machine TAKERU	⇒	Online karaoke systems for business use
1990s	Electrophotographic technology and inkjet printing technology for fax machines and printers	⇒	Compact All-in-Ones
2000s	Inkjet printing technology for home printers	⇒	Garment printers

Various Printing Engines Developed In-house

Following the development of dot-matrix printers in 1971, BIL developed electronic personal printers with a thermal engine in 1982, followed by the development of fax machines, then laser printers in 1987, and inkjet All-in-Ones in 1997. Through the development, BIL has been enhancing its technological capability for its own printing engines. Today, BIL has internally developed three types of printing engines—thermal, laser, and inkjet—and utilizes them in the development of products that are unique to Brother. Through the application of its technologies such as the inkjet technology that was cultivated in the development of home printers being used to develop garment printers, we are expanding our product

categories from consumer use to industrial use. Going forward, we will continue to enhance the industrial inkjet technology foundation and undertake initiatives for contributing to sustainability in order to achieve the expansions in the industrial area and transformation in the printing area as outlined in the medium-term business strategy, CS B2024.

Approximately 30,000 Patents Held Worldwide* (* FY2021 Result)

The Brother Group engages in rights acquisition of intellectual property according to the situation of each business area. For example, in the industrial printing area, we are supporting the expansion of our business by actively acquiring rights for inkjet-related technology, which is one of our fundamental technologies. In the printing area, in an industry with a large number of patents, we are continuing activities to hold a considerable number of valuable patent rights in order to increase profitability and maintain our advantage in the industry. Moreover, development departments and intellectual property departments work together to find promising technologies and incorporate them into our patent portfolio. Through these activities, we now hold approximately 30,000 patents worldwide. In February 2022, BIL was selected by Clarivate, a global information services firm in the United Kingdom, for Clarivate Top 100 Global Innovators 2022 as an organization standing at the top of the global innovation ecosystem.

In the Brother Group, we also utilize the rights we own in various ways. For example, if our business is threatened by the manufacturing or sales of products that infringe on our rights, we issue warnings or enforce rights in pursuit of an injunction or damages. Meanwhile, we respect third parties' rights. When starting a new business and developing a new product, we conduct thorough patent investigations from an early stage to ensure that we do not infringe on other companies' intellectual property rights.

To reinforce these efforts, we continuously develop human resources related to intellectual property. We provide engineers with opportunities to deepen their understanding of intellectual property through means such as internal e-learning and training programs given according to their levels, and intellectual property department personnel with professional education programs extending over several years.

Patent Rights Acquisition Status

No. of patents published in Japan	1,122 (FY2021)
No. of patents registered in Japan	888 (FY2021)
No. of patents registered in the U.S	622 (FY2021)
No. of patents Brother holds worldwide	Approx. 30,000 (as of March 31, 2022)

Manufactured Capital

Advantage

- Global production base
- A highly cost competitive and flexible production system

We Have Established Manufacturing Facilities Globally and Manufacture Highly Reliable Products through the Collective Efforts of the Brother Group

The Brother Group has a long history of expanding its facilities globally and has developed a global manufacturing system involving multiple facilities to realize a highly cost-competitive and flexible manufacturing system. Going forward, we will further strengthen our system to mitigate various risks and ensure a stable supply of products to customers by diversifying our manufacturing facilities and promoting local production for local consumption.

Risk Hedging and Achieving Cost Competitiveness through a Global Manufacturing Strategy

In our mainstay P&S Business, we have built a global manufacturing system centered on factories in China, Vietnam, and the Philippines. We carry out manufacturing at multiple facilities for consumables, in particular, and strive to realize stable manufacturing and supply. In light of the manufacturing efficiency and consumption sites, we review the manufacturing scale and items of each factory as needed, expanding the scale of factories to increase their production capabilities or consolidating factories to raise management efficiency, if necessary. Our factories in Japan, Europe, and the United States recycle consumables and

undertake initiatives toward a sound material-cycle society as eco-friendly factories.

The spread of COVID-19 significantly affected our supply chain. In particular, it caused stagnation of parts procurement, manufacturing, shipping, and distribution. In addition to overcoming the situation caused by the lockdown, such as the suspension of employees from working at factories and the difficulty in recruiting new employees, we are currently introducing automation and labor-saving equipment to further improve our productivity. In preparation for natural disasters and geopolitical risks that could occur in the future, we will make efforts to build a resilient supply chain by advancing the diversification of manufacturing facilities, storing inventories, and collaborating with parts suppliers.

Social and Relationship Capital

Advantage

- Global customer base
- Global business partners that we grow together with
- Information obtained from relationships of trust with customers and business partners

We Have Established Sales and Service Facilities in Countries and Regions across the World and Deliver Products, Services, and Solutions to Customers All over the World

We collect customer feedback by using the global sales network and expertise we have built over long years, grow together with our business partners, and provide products, services, and solutions with added value unique to Brother based on the information obtained from relationships of trust with customers and business partners.

Global Business Partners That We Grow Together with

In a rapidly changing business environment of markets and customer behaviors, we collect customer feedback from our sales and service facilities in more than 40 countries and regions, and use the information obtained through direct connections with our customers to provide them with even better value. We are also strengthening collaborations with our business partners to provide value through information and learning gained from trusting relationships with our sales channels and parts suppliers, which lead to the growth of both parties.

Expansion of Business That Connects with Customers

By connecting with our customers, we provide various kinds of value and carry out activities to encourage them to continue using our products. We will support diverse work scenarios by accelerating the shift to a business model that connects with customers, such as a contract-based business model in the P&S Business, and by establishing connection with customers through labeling equipment applications, thereby creating long-lasting connections with customers.

Case Study

With the recent rapid growth in demand for "on-demand production" in the apparel industry, which allows for the production of only the required number of garments, from as few as a single item, Image Magic Co., Ltd., a company engaging in the original goods business, is using the garment printers of the Machinery Business. In addition to 50 units of Brother GTX Pro garment printers, Image Magic's factory has introduced the DIGITAL LINE on-demand apparel processing line, which saves labor in pre-processing and post-processing of the printing process. In addition to labor savings by automating processes that were previously performed manually, the new system enables rapid and high-quality production, resulting in more efficient production.

What You Need, in Just the Amount You Need. Contributing to a Sustainable Apparel Industry.

<https://sdgsstory.global.brother/e/customer/460>

Case Study

In the P&S Business, we launched a subscription service, Refresh EZ Print Subscription, in the United States in FY2021. This is a monthly subscription service that provides automatic delivery of consumables and extended warranties. We offer a variety of usage plans so that customers can use our products for a long time, and in FY2022 we launched a similar subscription service in Europe. Through these efforts, we are working to further build trusting relationships with our customers by continuing to provide value that is tailored to their needs.

Printing and Solutions Business

Pursuing Printing Technologies and Supporting Various Work Situations

We provide a variety of solutions that meet the printing needs of customers. We will continue to support the growth of the Brother Group by working to enhance the profitability of existing businesses even in a difficult market environment, and by accelerating the reforms for the next stage, such as business model transformation and expansion of the commercial & industrial labeling business.

Strengths

- Communications and Printing Equipment Business**
 - Product development capability that can flexibly respond to customer needs and changes in the business environment
- Labeling Business**
 - Accumulated knowledge as the industry's pioneer

Challenges

- Response to business continuity plans (BCP), including natural disasters and epidemics, and establishment of a stable product supply system
- Further strengthening of environmentally friendly design and achieving resource circulation toward a sustainable society
- Building of a foundation to connect directly with customers for increasing their LTV

Relevant Social Issues and Materialities

- Supporting people's value creation & Circulating resources
- Establishment of a foundation to connect directly with customers in the P&S Business to improve their LTV and expand the resource circulation business

Relevant SDGs



Business Segments

Communications and Printing Equipment Business

- We develop, manufacture, and sell products that meet the needs of a work style called SOHO (Small Office, Home Office), in which an individual or a small group of individuals use their homes and so forth as their offices. Since the 1980s, we have established our position as a pioneer in this market after developing thermal transfer fax machines and small laser All-in-Ones.
- We develop, manufacture, and sell laser printers and All-in-Ones, which are excellent for their high printing speed, durability, and cost performance. They receive good reviews from many business partners and industry magazines globally.
- We have integrated compact black-and-white and color laser All-in-Ones, business-use inkjet All-in-Ones and more into a scanner compatible with mobile devices and cloud networks. With this product development approach, we provide products that meet customer needs consistently from input to output.
- We have increased our targeted customer base to the SMB* market and promote contract-type businesses to provide solutions that help our customers improve productivity and optimize costs, consultation services to suggest the best-suited products and office setups, print management, and automated delivery of consumables.

* Small- and medium-sized businesses that include small offices, small- and medium-sized businesses, and businesses with offices in multiple dispersed locations

Labeling Business

- We develop, manufacture, and sell the P-touch brand labeling system and label printers.
- With its high operability and functionality cultivated through 30 years of development, an extensive and varied lineup of labels, and products that are equipped with software and corresponding interfaces to meet customer demand, we maintain the top global market share in the field of business/professional use.
- We develop industrial labeling systems and label printers that can be used in logistics, manufacturing, retail, and other fields.

Summary of FY2021

In the printing market, demand for small All-in-Ones and printers for working and learning from home continued to grow steadily in each region.

For inkjet All-in-Ones, sales volume of the devices increased significantly due to improvement of supply constraints.

For laser All-in-Ones and laser printers, production volume of both devices and consumables declined at times due to the low factory operation rate caused by the resurgence of COVID-19 and difficulties in procuring parts and materials, however, we avoided stockouts by transporting consumables by air and minimized the impact on profits.

As a result, in addition to the positive impact of foreign exchange rates, sales for consumables also grew steadily, resulting in an increase in overall business revenues.

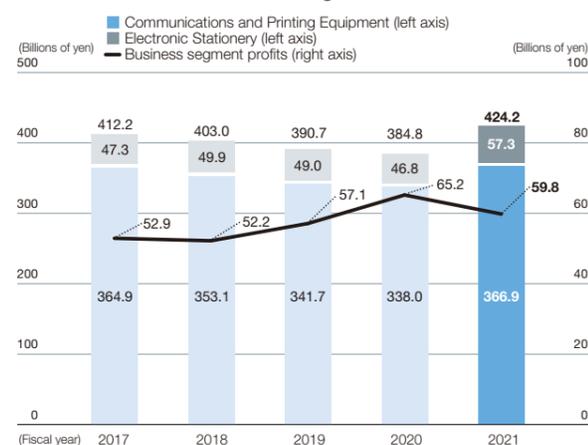
We also launched a new contract-based business and accelerated the business model transformation.

In the labeling market, both the labeling system and label printer area and the solutions area centered on mobile printers achieved a significant increase in revenue due to a recovery in demand.

Main Products



Trend of Revenue & Business Segment Profits



Understanding the Business Environment

Communications and Printing Equipment Business

- Reduction in printing opportunities due to progress of digitalization
- Changes in customers' purchasing behavior, from ownership to usage
- Distribution of office functions (acceleration of shift from centralized to distributed) due to satellite offices and remote work becoming commonplace
- Increase and normalization of demand for working and learning from home

Labeling Business

- Increase in label printing demand due to expansion of e-commerce and home delivery demand
- Expansion of the market for the automatic recognition area

Both

- Increased demand for a sustainable society and awareness of the related issues

Business Strategy (Business Policy)

Communications and Printing Equipment Business

- Further strengthen profitability and competitiveness as a core business that supports the Group-wide portfolio management
- Accelerate the transformation to a new business model that strengthens connections with customers
- Firmly maintain position in the laser business market
- Grow inkjet business

Labeling Business

- Firmly maintain global number one position in the home and business/professional areas
- Establish connections with customers by utilizing apps for labeling equipment
- Strengthen sales in the automatic recognition area
- Expand the range of applications for industrial label printers

Both

- Design products and build manufacturing systems aimed at reducing CO₂ emissions and strengthen the resource circulation business to contribute to a sustainable society

TOPICS

Deployment of New Services in Response to Changes in Purchasing Behavior

The purchasing behavior and needs of customers have changed significantly. As shown by the move from ownership to usage and the shift from purchases in stores to online purchases, there is increasing desire for even easier and more convenient use. To respond to such needs, we offer various proposals according to regions and customer groups. For example, convenience for customers is being improved through services that charge fixed monthly subscription fees as well as variable fees in Europe and the United States, and the automatic delivery of consumables for printers and All-in-Ones. In addition, we are launching models that can use large-capacity consumables mainly for emerging countries, strengthening our lineup of products that can be used for long periods of time without the need for replacement. Going forward, we will continue to meet the needs of customers and deploy products and services with better productivity and convenience.



Solving Social Issues through Business Activities

Contributing to CO₂ Emissions Reduction and Resource Recycling

To help create a sustainable global environment, every product needs reduced CO₂ emissions and efficient use of resources, so the P&S Business provides energy-saving, resource-saving printers and All-in-Ones that are friendly to the environment. Products must exhibit industry-leading energy-saving performance to qualify for third-party certification according to international standards for eco-conscious products, such as the International ENERGY STAR Program*¹ and the Blue Angel*². In the P&S Business, we are combining various technologies to make thorough designs for reduced power consumption, such as by adopting new toner fixing methods for laser printers and All-in-Ones, thereby reducing CO₂ emissions during product use.

We are also promoting toner cartridge recycling. In addition to promoting the collection of cartridges around the world, we are reusing cartridges by refilling them with toner at our facilities in the U.K. and Slovakia. In this way, we are making efficient use of resources and helping to reduce CO₂ emissions from the recycling process.

*¹ An international energy-saving program for office equipment begun in October 1995.

*² A third-party eco-label issued by The German Environmental Agency (Umweltbundesamt – UBA) and the German Institute for Quality Assurance and Labeling

Machinery Business

Contributing to Customers' Productivity Improvement through the Development of Products That Meet Customer Needs

We contribute to improving the productivity of and creating new value for our customers through machine tools that are ideal for parts processing for automobiles and general machinery and equipped with high energy-saving performance; industrial sewing machines that are easy to use, provide high-quality sewing and conserve energy; and garment printers that meet garment digital printing needs.

Strengths

- Industrial Equipment Business**
- Ability to develop products that achieve high productivity and energy-saving performance
 - Extensive lineup offering a variety of solutions to meet customers' needs
- Industrial Sewing Machine Business**
- <Industrial Sewing Machines>
- Competitive product development capabilities centered on large programmable electronic pattern sewing machines
 - Development of facilities that can respond to requests from customers in a wide range of countries and regions
- <Garment Printers>
- High productivity and printing quality supported by inkjet technology
 - Ability to provide solutions utilizing a variety of unique technologies

Challenges

- Industrial Equipment Business**
- Capturing of rapidly growing EV-related demand
 - Further promotion of energy-saving performance to customers who are engaged in carbon neutrality initiatives
- Industrial Sewing Machine Business**
- <Industrial Sewing Machines>
- Launch of new products for the non-apparel market
 - Improvement of sales proposal and service response capabilities
- <Garment Printers>
- Product development to achieve further growth in the bulk printing market
 - Taking on the challenge of automating and labor saving at bulk printing factories

Relevant Social Issues and Materialities

- Supporting people's value creation
- Securing of competitive advantage in product performance in order to help improve customers' productivity and reduce CO₂ emissions in the Machinery Business

Relevant SDGs



Business Segments

Industrial Equipment Business

- We develop, manufacture, and sell the SPEEDIO brand machine tools which have high productivity and energy-saving performance despite being compact, and are highly rated by our customers for parts processing in industries such as automobiles and general machinery.
- We develop a wide variety of models, including peripheral devices, and focus on expanding our product lineup to include models capable of processing bigger parts, multi-surface processing, and lathe turning processing, as well as optional systems that can automatically transfer and deliver the processed parts.

Industrial Sewing Machine Business

<Industrial Sewing Machines>

- We develop, manufacture, and sell industrial sewing machines that continuously lead the industry in fabric sewing.
- We cultivate the non-apparel market with growth potential. Our programmable electronic pattern sewing machines excel in speed and pattern precision, and receive high ratings from our customers manufacturing airbags and shoes.

<Garment Printers>

- We develop, manufacture, and sell garment printers for bulk printing customers. Through the development and introduction of new products, we have achieved growth in the digital printing market, which has been expanding over the past few years.
- We have achieved automation and labor savings at bulk printing factories.

Main Products



Summary of FY2021

Industrial Equipment Business

We achieved significant sales growth as a result of expanding our customer base in the automotive and general machinery markets by expanding our product lineup and strengthening our sales and service structures in China, India, and Japan as part of the priority measures of the previous medium-term business strategy, CS B2021.

Industrial Sewing Machine Business

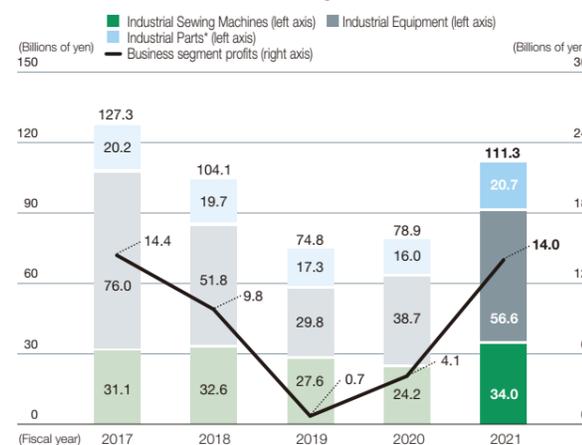
<Industrial Sewing Machines>

Although the business environment remained harsh during CS B2021 due to the China–United States trade war and declining capital investment due to the impact of COVID-19, we were able to improve profitability by strengthening our organizational structure. In FY2021, sales increased strongly due to a recovery in demand for capital investment in the apparel industry in China and other parts of Asia, resulting in a significant increase in revenue.

<Garment Printers>

With the launch of the GTX600, featuring a high-capacity ink cartridge that contributes to reduced running costs, we achieved significant growth in the bulk printing market, resulting in record performance.

Trend of Revenue & Business Segment Profits



* Following a change in business segments, the industrial parts segment is now the Nissei Business. This graph represents the results before the business segment change.

Understanding the Business Environment

Industrial Equipment Business

- Expansion of the EV-related market and increased demand for equipment with high energy-saving performance due to heightened environmental awareness in society
- Acceleration of labor saving and automation driven by labor shortages and improvements in the working environment at manufacturing sites

Industrial Sewing Machine Business

<Industrial Sewing Machines>

- Growth of the non-apparel market centered on airbags and shoes
- Acceleration of labor saving and automation driven by efficiency improvement at production sites and in the labor environment

<Garment Printers>

- Expansion of the digital printing market, especially in Europe and the United States, due to diversification of purchasing behavior
- Increasing customer expectations for on-demand printing

Business Strategy (Business Policy)

Industrial Equipment Business

- Strengthen product lineup by further pursuing our strengths of high productivity and energy-saving performance
- Expand customer base in the automotive and general machinery markets by strengthening sales and service structures in key markets (China, India, and Japan)

Industrial Sewing Machine Business

<Industrial Sewing Machines>

- Capture the recovered demand in the apparel market
- Strengthen product lineup for growth in the non-apparel market

<Garment Printers>

- Strengthen ability to provide solutions by leveraging advanced inkjet technology
- Take on the challenge of automation and labor saving at bulk printing factories

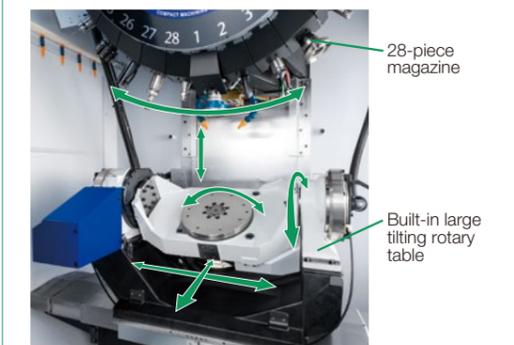
TOPICS

Launch of Products with Even Higher Productivity and Environmental Performance

In April 2022, we launched the GTX600, a new garment printer that achieved high productivity for high-volume printing users, followed by the S300/S500/S700Xd1 and R450/650Xd1, successors to the S series and R series compact machining centers with improved productivity and



U500Xd1



energy-saving performance. In May, we launched the U500Xd1, a universal compact machining center capable of multi-surface machining, which is a powerful tool for the EV market and for variable-type, variable-volume production applications, thereby improving process integration.

Solving Social Issues through Business Activities

Reducing CO₂ Emissions and Improving Operational Efficiency

Factories are required to achieve both high productivity and a reduction in CO₂ emissions and other environmental impacts. The SPEEDIO series of compact machining centers consume far less power than ordinary machining centers and contribute to a significant reduction in CO₂ emissions through various energy-saving technologies, such as power regeneration, which converts kinetic energy into electrical energy for reuse during deceleration.

The U500Xd1 universal compact machining center, newly introduced as part of the SPEEDIO series, combines a large tilting rotary table with a 28-piece high-speed magazine that significantly increases the number of tools, greatly enhancing process-intensive functions and contributing to greater efficiency in customer operations.

The GTX600, newly introduced as a product of the GTX Series of garment printers, not only enables high-speed printing with four printing heads for high-quality and high-speed printing, but also helps improve customers' productivity by adopting a bulk ink system.

In addition, it uses environmentally friendly genuine Brother ink that has acquired ECO PASSPORT certification*.

* Established by OEKO-TEX as an international safety certification for dyes and other chemical substances used in textile products in addition to conventional textile products

Domino Business

Responding Swiftly to Diverse Needs with Industrial Printing Equipment

We provide coding and marking equipment (C&M area) for printing information such as expiration dates and lot numbers on plastic bottles, cans, and food packaging, and digital printing equipment (DP area) for product packaging that is becoming increasingly varied in smaller lots and with shorter delivery time. Through these products, we contribute to consumer protection, ensuring traceability*, and improved productivity at factories.

* Ability to clarify and maintain records of all food processes, from cultivation and breeding through to processing, manufacturing, and distribution

Strengths

- A trusted brand that has been developed through past business
- Unique positioning resulting from owning both C&M and DP areas that can produce synergistic effects through the combination of technologies most appropriate for customer needs

Challenges

- Sales growth and improvement in profitability
- Sales expansion of products and enhancement of services and solutions in the C&M and DP areas

Relevant Social Issues and Materialities

- Supporting people's value creation
 - Support producers to provide security and safety to customers as well as their value creation through consumer protection
 - Support producers towards lean production and a consequent reduction of waste and CO₂ emissions

Relevant SDGs



Business Segments

- We develop, manufacture, and sell coding and marking equipment (C&M area) for printing information such as expiration dates and lot numbers on plastic bottles, cans, and food packaging, boasting a world-leading sales and service network.
- We develop, manufacture, and sell digital printing equipment (DP area) for product packaging that is becoming increasingly varied in smaller lots and with shorter delivery time. We provide business solutions to the challenges of the label printing industry, such as small-lot production, waste reduction, and improvement of the working environment with the high productivity of our products.
- The Domino Group has been growing steadily for more than 40 years in the industrial printing area.

Summary of FY2021

Despite the restrictions on sales activities and disruptions in the supply chain caused by the spread of COVID-19, revenue increased in both the C&M and DP areas, with steady growth in sales of hardware and consumables, backed by the solid demand for daily necessities such as foods, beverages, and pharmaceuticals.

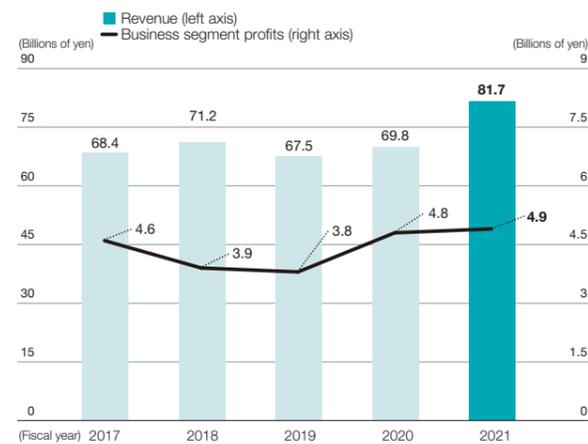
For the previous medium-term business strategy CS B2021, we launched new products that will serve as our growth platform going forward. In the C&M area, the new Gx-series and Cx-series of inkjet printers and the new D310 CO₂ laser marking systems were launched globally. In the DP area, in addition to releasing the N730i digital printing equipment which incorporates printing heads produced by Brother, we entered the corrugated cardboard printing field with the launch of the corrugated cardboard printing press X630i.

Going forward, we aim to increase sales and improve profitability through sales expansion of products and enhancement of services and solutions in the C&M and DP areas.

Main Products



Trend of Revenue & Business Segment Profits



Understanding the Business Environment

<C&M Area>

- Continuous market growth is anticipated due in part to increase in demand associated with population growth in emerging nations, increased needs for traceability among manufacturers, and compliance with laws and regulations.

<DP Area>

- Continuous market growth is anticipated due to factors such as improved productivity at factories resulting from progress in digitalization.

Business Strategy (Business Policy)

Contributing to the Profitability of Producers and the Stability of Their Production Activities by Accelerating Growth in the C&M and DP Areas, Thereby Strengthening the Inkjet Technology Foundation for Gaining Long-Term Competitiveness

<C&M Area>

- Achieve stable growth by strengthening relationships with customers
- Enhance product competitiveness by introducing new products with specifications demanded by the market, such as printing methods and printing widths
- Propose solutions to eliminate customers' problems and bottlenecks, beyond simply providing products

<DP Area>

- Accelerate growth by launching new products
- Expand and advance new areas such as corrugated cardboard printing

<Both>

- Accelerate growth in the Domino Business by clarifying synergies
- Expand the industrial printing area with inkjet-centered printing technologies
- Establish a supply chain for stable supply

TOPICS

Enhancement of Product Competitiveness and Contribution to Customers' Productivity and Quality Improvement

In May 2022, we launched U510, a new UV laser marker*. U510 is capable of contactless marking onto objects, and has strengths in high durability, high abrasion resistance, printing speed, and printing quality, thereby providing safe, secure, and high-quality marking solutions to customers who require strict traceability, such as food manufacturers and pharmaceuticals manufacturers.

In March 2022, we also launched a high-capacity ink cartridge specification as an option for industrial thermal inkjet printers (Gx Series). It holds about 10 times more ink than the ink capacity of the previous Gx Series, contributing to reduced running costs and downtime for customers.

*Allows highly colorful and damage-free printing with lasers with wavelengths in the ultraviolet range.



Solving Social Issues through Business Activities

Contributing to Traceability and Food Safety

Food traceability is extremely important for demonstrating food safety. Domino's coding and marking equipment achieves high-speed printing of best-before dates, expiration dates, lot numbers, production plant identification codes, and other requirements of traceability on such products as cans and glass, plastic, and other containers.

Retort pouch foods require inks to be resistant to heat, water, and alcohol so that this printed information is not removed by high-temperature sterilization or alcohol disinfection processes. By providing a wide range of inks to meet the needs of customers, Domino has helped to ensure traceability.

Nissei Business

Accelerating the Provision of High Value to Meet Customer Needs in the Robotics/FA Market

In FY2022, we made the industrial parts field of the Machinery Business the Nissei Business. We respond with precision to diversifying customer needs in fields such as automation and labor saving, which are expected to grow, and contribute to customer value creation through gearmotors with a wide range of product variations, high stiffness reducers that support industrial robots and factory automation (FA) equipment, and gears with high precision and quality.

Strengths	<ul style="list-style-type: none"> Ability to deal with customers with finely tuned customization, high quality, and speedy delivery
Challenges	<ul style="list-style-type: none"> Acceleration of market expansion of high stiffness reducers Reinforcement of production capacity to meet the demand of growing industries, mainly in the robotics/FA market
Relevant Social Issues and Materials	<ul style="list-style-type: none"> Supporting people's value creation <p>Achievement of automation and labor saving through robots and automated guided vehicles (AGVs) equipped with gearmotors, high stiffness reducers, and high-precision gears that are highly reliable and efficient, contributing to improved productivity and solving labor shortages at factories and logistics sites.</p>
Relevant SDGs	 

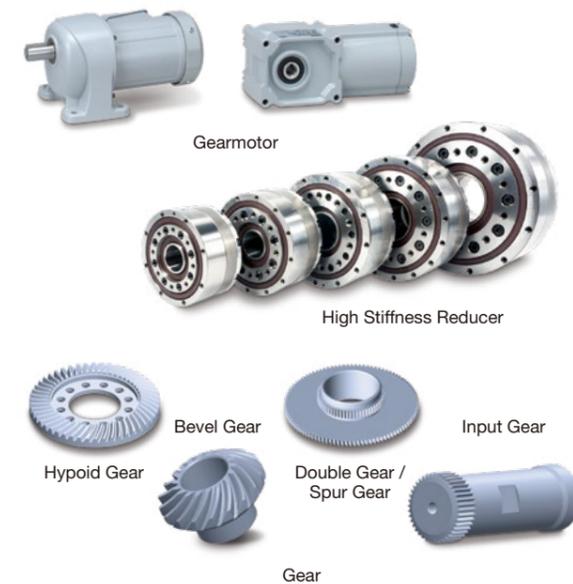
Business Segments

Development, Manufacturing, and Sales of Gearmotors, High Stiffness Reducers, and Gears

- Gearmotors:** We address the needs of customers in the machine tool and transportation equipment markets with an extensive product lineup and quick delivery.
- High stiffness reducers:** We provide new value to the rapidly growing industrial robot and FA machinery markets.
- Gears:** We provide high-precision, high-quality bevel gears* and other products for the robot and machine tool markets.

* Cone-shaped gears that transmit motion between two intersecting axes

Main Products



Summary of FY2021*

Despite the growth strategy set forth in the previous medium-term business strategy CS B2021, our business performance temporarily dropped due to the stagnant demand caused by the China–United States trade war and the global COVID-19 epidemic. In response to major changes in the business environment, we have prioritized the transformation into a more resilient company with profitability that can stably earn profits and adapt to changes, and have strived to improve the resilience of our business, develop high stiffness reducers, and restructure our overseas strategy.

In FY2021, we achieved significant revenue and profit growth from the previous fiscal year due to a recovery in demand for capital investment and increased automation needs. While we were unable to achieve the sales revenue target of CS B2021, we were able to virtually achieve the target profitability level of CS B2021 as a result of our efforts to improve business resilience.

* As industrial parts segment of the Machinery Business

Background and Purpose of Splitting into an Independent Business Segment

- The business operated by Nissei Corporation is a promising area with significant growth potential, thus Brother acquired Nissei as a wholly owned subsidiary in February 2022 in order to accelerate its business growth by fully utilizing the expertise and resources of the two companies.
- The business segment became a separate Nissei Business for the purpose of disclosing its financial performance after becoming a wholly owned subsidiary, in addition to Brother's active investment in accelerating the growth of the business being made at the right time.

Understanding the Business Environment

- Growing need for automation and labor saving in manufacturing, logistics, retail, and other industries due to the shrinking workforce in developed countries and the COVID-19 pandemic

Business Strategy (Business Policy)

- Capture business growth opportunities in the robotics/FA market with high stiffness reducers and high-precision gears
- Reinforce production capacity to meet the demand of growing industries, mainly in the robotics/FA market
- Contribute to the Brother Group's expansion in the industrial area and business portfolio transformation through business growth

Personal and Home Business

Expanding the World of Hobbies and Providing Ease of Use to Delight Customers

We provide products and services that help customers who enjoy crafting express their creativity, primarily in the area of sewing. By directly connecting with our customers, we seek to expand the possibilities for their creative pleasure beyond home sewing machines and home cutting machines.

Strengths	<ul style="list-style-type: none"> Strong brand power in the sewing and embroidery machine field, where we boast a top market share Product planning capability that allows for highly original products, such as machines with a built-in projector feature and Disney designs Cultivation of a new market for home cutting machines through synergies with brand power and sales channels for sewing machines
Challenges	<ul style="list-style-type: none"> Continuous pursuit of new functions and ease of use that achieve customer delight Further promotion of value to new customers acquired through demand from stay-at-home trends Development of products friendly to the global environment
Relevant Social Issues and Materials	<ul style="list-style-type: none"> Supporting people's value creation <p>Job creation through the support of entrepreneurship and side businesses using Brother products</p>
Relevant SDGs	 

Business Segments

Development, Manufacturing, and Sales of Home Sewing Machines and Home Cutting Machines

- We offer our customers state-of-the-art features that are also easy to use, notably a projector feature for our high-end sewing and embroidery machines, by utilizing the industry's leading-edge development capabilities which enable us to provide highly functional products with high added value.
- We manufacture a wide range of products from high-end to low-end machines at our factories in Taiwan and Vietnam.
- We have established a diverse sales network that includes major sewing machine distributors handling high-end sewing and embroidery machines, as well as retailers and e-commerce operators, cultivating strong relationships of trust with prominent business partners.

Main Products

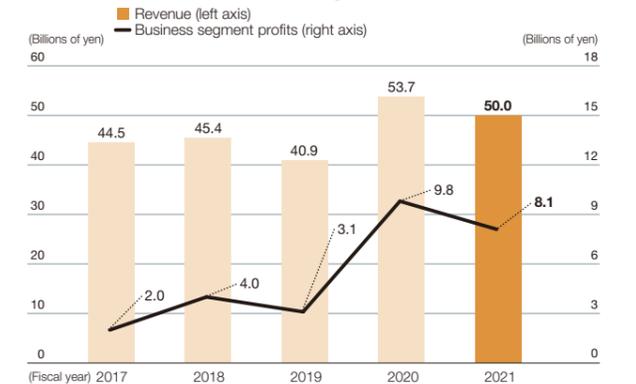


Summary of FY2021

While sales of home sewing machines did not reach the same level as in the previous fiscal year with the special demand from stay-at-home trends, sales of middle- and high-end sewing and embroidery machines and other products remained steady, mainly in Europe and the United States.

Sales of high-end sewing and embroidery machines and commercial embroidery machines were strong due to the growing demand for usage in side businesses and for customization. Those sales were particularly boosted by a campaign to support entrepreneurship and side businesses that use Brother products, which was launched in the United States, one of our core markets. Despite the difficult market environment for general-use low- and middle-end sewing machines due to soaring costs of parts and the impact of COVID-19 at the factory in Vietnam, the products maintained a high profit level, partly due to the effect of the efforts to reduce fixed costs.

Trend of Revenue & Business Segment Profits



Understanding the Business Environment

- We have a high market share for sewing and embroidery machines.
- Competitors' brands have a strong presence for general-use middle-end sewing machines, and entries by manufacturers in emerging countries are considered to be a threat for low-end machines. Price competition may intensify further.
- Along with the evolution of IoT and ICT*, freedom in products and sales modes has expanded due to provision of value through platform businesses and online sales becoming commonplace.
- Economic growth in emerging economies is fueling the growth of professional

markets such as commercial embroidery machines, as well as the growth of general-use low-end sewing machines. Additionally, professional markets are expanding due to increasing demand from small businesses and for customization usage.

- Collective efforts of our businesses to implement environmental measures in their products and develop business models are needed to achieve a sustainable society through expanded environmental regulations, shift to a circular economy, and other means.

* Information and communication technology

Business Strategy (Business Policy)

- Quickly deliver value to customers in the form of delight and ease of use through means such as technological innovation, establishment of relationships with dealers, and enhancement of online educational activities
- Maintain our position as a leading company by seeking to enhance the sharing of information that communicates the joy of handmade for purposes such as the expanding world of hobbies and business use
- Work proactively on product development and services that are friendly to the global environment with consideration for energy conservation, ease of repair, and raw materials
- Increase customer lifetime value by offering a wider choice of products and services through direct connections with customers

Network and Contents Business

Innovating in Music Entertainment by Using the Latest Technologies and Networking

We pursue new customer value by developing and providing JOYSOUND online karaoke systems for business use, and by proposing services, products, and content that utilize distribution technologies cultivated through online karaoke systems.

Strengths	<ul style="list-style-type: none"> Uses of network technologies to provide online karaoke systems for business use which offer the largest number of songs in the industry Incorporation of new demand for enjoying visual content through the full-scale provision of the Miruhaco service Creation of social value by expanding sales of models with music therapy content targeted at the growing healthcare market Increasing users of smartphone and home use karaoke services against the backdrop of the COVID-19 pandemic
	<ul style="list-style-type: none"> Industrial slowdown due to business closures and shortened business hours resulting from state of emergency declarations and quasi-emergency measures The rise of new karaoke application competitors along with increase in demand amid the COVID-19 pandemic Creation of new businesses that can compensate for the sluggish karaoke business
	<ul style="list-style-type: none"> Supporting people's value creation Support of healthy lifestyle and reduction of the workload of nursing care staff by providing music therapy content
Relevant Social Issues and Materials	<p>Relevant SDGs</p>  

Business Segments

- Xing Inc., a consolidated subsidiary, provides the JOYSOUND MAX GO series and JOYSOUND HIBIKI series of online karaoke systems for business use which offer over 340,000 songs (the largest number in the industry*) and support high-resolution audio.
- Xing is also valued for its JOYSOUND-linked membership karaoke social media service Utasuki, and for its original karaoke-related services linked to smartphones and video game consoles.
- As well as songs, the new video service Miruhaco with extensive visual content to enjoy was the first in the industry* to offer live broadcasts
- Xing provides comprehensive music entertainment, from the creation of content to the operation of karaoke clubs, in collaboration with its group companies Teichiku Entertainment, Inc. and Standard Corp.

* As of October 2022, according to research by Xing Inc.

Main Products



JOYSOUND MAX GO*



JOYSOUND HIBIKI*



JOYSOUND FESTA2

* The Hi-Res Audio logo is used under license from Japan Audio Society.
For music, a material's waveform is converted from CD specification to high-resolution audio through sampling.



みるハコ

Miruhaco, a video viewing service where a variety of videos can be enjoyed in nearby karaoke rooms



キョクナビ

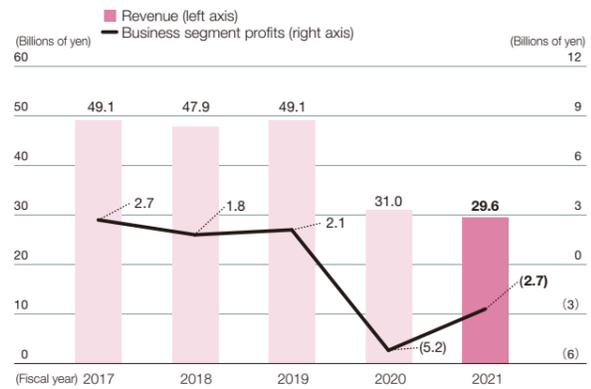
Kyokunabi, a smartphone app that lets you enjoy karaoke and song lyrics from your own devices

Summary of FY2021

Sales revenue decreased due to continued difficult circumstances, such as voluntary suspension of operations or operation with reduced hours at karaoke clubs in response to the resurgence of COVID-19. As for business segment profit, the deficit narrowed as a result of cost-cutting measures, including the closure of unprofitable karaoke clubs.

Going forward, we will focus on creating karaoke club environments that enable people to enjoy karaoke with a greater sense of security, promoting use of karaoke rooms for multiple purposes, such as for viewing videos and live broadcasts and holding meetings, and developing attractive content by further deepening collaboration with the music and other entertainment industries. Through these initiatives, we will strive to improve profitability.

Trend of Revenue & Business Segment Profits



Understanding the Business Environment

- Developments in tightening and easing of restrictions by overseas countries, the Japanese government, and local governments due to COVID-19
- Changes in the population of karaoke participants resulting from

- the declining population, aging society with a falling birthrate, and COVID-19
- Developments in communications technologies used for providing diverse content

Business Strategy (Business Policy)

- Accelerate the improvement of business performance by providing and promoting adoption of products and services that enable customers to enjoy karaoke with a greater sense of safety and security, toward the early recovery of the karaoke market, which has shrunk due to the COVID-19 pandemic
- With an eye to the post-COVID-19 era, propose and bring new

- value to karaoke (the Miruhaco service with visual content to enjoy), in addition to singing
- Take on the challenge of transforming business models and expanding the business again by applying network technologies developed through the online karaoke service to new applications and seeking to create new businesses

Brother's Industrial Printing Area

The Brother Group is working to transform its business portfolio under the theme of "Take off towards our new future" in its medium-term business strategy CS B2024. One of the key elements of this strategy is to make a leap forward in the industrial printing area, centered on the Domino Business. Based on our extensive printing technologies and customer base, we will support our customers' productivity and creativity with a wide range of products and contribute to solving social issues.

	Industrial label printers	Coding & marking equipment	Digital printing equipment	Garment printers
Business (sub-business)	P&S Business (Labeling)	Domino Business	Domino Business	Machinery Business (Industrial sewing machines)
Main products				
Printing methods	T Thermal	IJ Inkjet, T Thermal, LB Laser	IJ Inkjet	IJ Inkjet
Examples of printing				
Target customers	Logistics, manufacturing, retail, medical, maintenance	Brand owners of foods, beverages, and pharmaceuticals, etc.	Printing and processing companies	On-demand printing service providers
Value proposition	Display information on traceability		Add design and originality on demand	
Addressing social issues	Improve productivity and operational efficiency 			
	Provide safety and security through traceability 			
	Reduce waste 			
	Provide a safe work environment 			
	Conserve water resources 			
Provide environmentally friendly products 				

Practicing Sustainability-Focused Management



We contribute to the realization of a sustainable society by working to solve social issues through business activities in the spirit of “At your side.”

Yuichi Tada

Senior Managing Executive Officer
Secretariat Representative
Sustainability Committee

The Brother Group is committed to practicing sustainability-focused management in order to sustainably provide value to its customers and solve social issues through its business activities, in the spirit of “At your side.”

In the Brother Group Vision “At your side 2030,” we have defined Our Purpose as “By being ‘At your side.,’ we enable people’s productivity and creativity, contribute to society, and help protect the earth.” In our mid-term business strategy CS B2024, which was formulated and launched by backcasting from the Vision, we have positioned contributing to sustainability as our priority management issue, and have identified and disclosed materialities for the first time. [See page 19.](#)

Prior to that, in February 2022, we established the Basic Policy on Sustainability to further promote our sustainable corporate activities while respecting Brother’s values that have been cultivated over the years.

Materiality is an indication of what a company considers as their priority for their management, and we believe that it is a task that a company should address to improve their financial value in the future. Therefore, in identifying materialities and setting targets, we placed the priority on the following points: whether the materiality is consistent with our management policies; whether the importance of the materiality can be sufficiently explained; whether the impact on future financial targets can be told as a story; and whether the management and employees can commit to the targets. During the identification process, we repeatedly held discussions with a constant emphasis on what value we could provide

to our customers and all other stakeholders.

From these perspectives, we have selected targets to resolve materiality with the following aspects:

- Is the Group helping the value creation of its customers through providing them with its products and services, thereby gaining the support of its customers?
- Is the Group creating a workplace that is filled with more diversity and engagement to realize a society where everyone can energetically play an active role?
- Is the Group providing a safe and secure workplace for its workers with respect for the human rights of those involved with the business in its value chain?
- Is the Group achieving milestones for its contribution to a decarbonized society and maximization of resource circulation as defined in the Brother Group Environmental Vision 2050?

In order to ensure the achievement of these targets, we have newly established a Sustainability Committee in April 2022. Through the establishment of the committee and the implementation of its activities, we will view sustainability as a Group-wide management issue and promote management that achieves sustainability from all three perspectives of environment, society, and economy.

As a member of society, the Brother Group has worked to solve priority social issues, and we strongly feel that our sustainability initiatives support the sustainable growth of the Group’s business itself. As we have always done over the years, we aim to remain a company that continues to be trusted by society by proceeding to respond to our customers’ needs and concerns with the spirit of “At your side.,” and by addressing environmental and social issues with sincerity.

Basic Policy on Sustainability

The Brother Group formulated the Basic Policy on CSR Management in November 2006, and while it has been revised three times since then, it has served as the foundation of the Group’s CSR activities until last fiscal year. However, during this period, the business environment has changed dramatically on a global scale, and the scope of corporate responsibility, including our responses to the SDGs/ESG, has expanded greatly. Consequently, the Group reviewed its previous policy with the renewed aim of contributing to the creation of a sustainable society, and in February 2022, established a new Basic Policy on Sustainability.

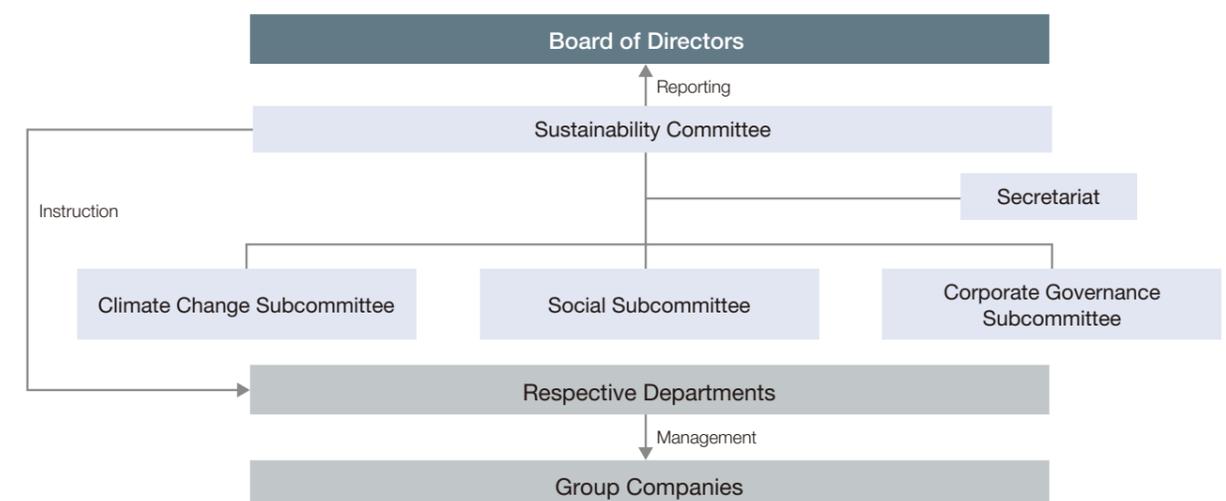
In this Basic Policy on Sustainability, the Brother Group reaffirmed its fulfillment of social responsibility in the spirit of “At your side.,” which has its roots in Brother’s spirit of foundation, and declared that it will work to solve the key social issues by achieving the Group Vision for 2030 “At your side 2030.”

Promotion Structure

In April 2022, the Brother Group established the Sustainability Committee chaired by the president. The purpose of the committee is to globally promote various activities centered on the materiality initiatives based on the Basic Policy on Sustainability, and to promote management with a focus on sustainability.

The Sustainability Committee holds regular meetings and extraordinary meetings convened by the chairman as necessary, and consists of those in charge of each subcommittee and department, executive officers of managing executive level or higher, business executive officers, and other persons designated by the Representative Director & President as needed. In addition, the Sustainability Committee Chairman periodically reports to the Board of Directors regarding the committee’s plans and results.

Sustainability Promotion Structure



Basic Policy on Sustainability

Brother, which started its business by providing repair services for sewing machines, commenced production of sewing machines based on the ambition to turn the import-based industry into an export-based industry to create jobs for people who want to work.

The desire to create durable sewing machines has been passed down as the “At your side.” spirit that always places customers first in the Brother Group Global Charter, which provides the foundation for all Brother Group activities. The Charter states that the Brother Group enhances corporate value by expanding the value provided to customers and by returning economic performance generated through business to stakeholders and the global environment.

As in the past, the Brother Group will continue facing the issues of our customers and society, defining materiality (key social issues) to be undertaken, and solving them. By doing so, we will aim to achieve our “At your side 2030” vision and the Sustainable Development Goals (SDGs) identified by the United Nations.

We have established the following three subcommittees under the Sustainability Committee with the aim of promoting various activities in the specific fields.

- Climate Change Subcommittee: Promotes company-wide activities to resolve materiality issues related to protecting the earth.
- Society Subcommittee: Promotes company-wide activities to resolve materiality issues related to contributing to society.
- Corporate Governance Subcommittee: Creates corporate governance to help realize the Brother Group’s vision and formulate an effective management strategy to achieve it.

In April 2022, the Sustainability Committee held its first meeting and discussed setting goals for each subcommittee. In August, Brother’s value creation process was determined after three rounds of committee discussions. [See page 14.](#)

Environmental Initiatives

The Brother Group helps society achieve sustainable development by positively and continuously considering environmental impact in all aspects of our business operations.

In accordance with the basic philosophy of the Brother Group's Environmental Policy, we take the environment into consideration at all stages of a product's life cycle, from development, design, and manufacturing to use, disposal, and reuse, as part of our social responsibility of a manufacturing company.

[Brother Group's Environmental Policy https://global.brother/en/sustainability/eco/policy](https://global.brother/en/sustainability/eco/policy)

Brother Group Environmental Vision 2050

We formulated three pillars; reduction of CO₂ emissions, resource circulation, and biodiversity conservation, in the "the Brother Group Environmental Vision 2050" as a company that uses energy and resources to provide products using bio-based items such as paper, thread and cloth. The Vision, which was formulated in 2018, recognizes the key social issues of climate change, resource depletion, environmental pollution, and destruction of the ecosystem as business risks for the Brother Group and clearly states the Group's continuous commitment to

solving these issues over the long term. Later, in FY2021, with a view to accelerated moves toward a sustainable society, we reviewed the CO₂ emissions reduction target that we set in the Environmental Vision. As for CO₂ emissions reduction, we aim to achieve carbon neutrality*¹ in all our business activities by FY2050 to contribute to the creation of a decarbonized society. We have also newly set a target of reducing CO₂ emissions (Scope 1 and Scope 2) from the entire Brother Group by 65% compared to the FY2015 level by FY2030.

*¹ Achieve overall zero CO₂ emissions from the Brother Group

Brother Group Environmental Vision (2050 targets)

	Targets and goals	Medium-term Targets for FY2030
Reduction of CO₂ emissions	<p>Aim to achieve carbon neutrality within the entire Group in all business operations and minimize CO₂ emissions from the entire value chain so as to contribute toward creating a carbon-free society</p> <p>Main efforts</p> <p>Introduction of solar power generation, renewal of air conditioning facilities, renewal and adoption of energy-saving for production facilities, etc.</p>	<ul style="list-style-type: none"> •[Scopes 1 and 2] Achieve 65% reduction from the FY2015 level •[Scope 3 C1, C11, and C12] Achieve 30% reduction from the FY2015 level <p>* The medium-term target for FY2030 has been recognized as a target based on scientific evidence (1.5°C target) by the Science Based Targets initiative (SBTI), an international initiative established to help achieve greenhouse gas emission reduction targets.</p>
Resource Circulation	<p>Maximize resource circulation within the entire Group toward 2050 to ensure the sustainable use of resources and minimize the environmental impact due to wastes</p> <p>Main efforts</p> <p>Expansion of cyclical businesses, reuse of products and parts, use of recycled materials, etc.</p>	<ul style="list-style-type: none"> •Reduce the ratio of virgin materials used in products*¹ to 65% or less*² by FY2030 through the expansion of circular-economy-based businesses and materials recycling. •The Group's manufacturing facilities continuously endeavor to ensure efficient use of water resources and proper treatment of wastewater. <p>*¹ Including packaging materials *² Applies to the Printing and Solutions Business, Personal and Home Business, and Machinery Business</p>
Biodiversity conservation	<p>Minimize the environmental impact of business operations within the entire Group on the ecosystem and promote activities to restore and conserve the ecosystem beyond the impact</p> <p>Main efforts</p> <p>Biodiversity conservation activities, reduction of CO₂ emissions, and promotion of resource circulation</p>	<ul style="list-style-type: none"> •The Brother Group assesses the environmental impact of its business operations on the ecosystem and the effectiveness of restoration and conservation activities, and works to avoid and reduce the environmental impact on the ecosystem. •The manufacturing and sales facilities of the entire Group work on ecosystem restoration and conservation activities on a voluntary basis depending on the situation in each region.

Target for FY2024 and Achievements so far

Materiality	Target for FY2024	Achievements in FY2017–FY2021	
Protect the earth	Reducing CO₂ emissions	<p>[Scope 1 and 2*] Reduce CO₂ emissions by 47% from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level</p> <p>[Scope 3 C1, C11, and C12] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level</p>	<p>CO₂ emissions (Scopes 1, 2, and 3)</p> <p> See "Non-financial Indicators" on page 71</p>
	Circulating resources	<p>Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%</p>	<p>Amount of production waste / amount of recycling</p> <p> See "Non-financial Indicators" on page 71</p>

Specific Activities

Efforts to Reduce CO₂ Emissions in Offices

The Brother Group is working as one to strengthen its environmental efforts to create a society that is capable of sustainable development. From FY2021 to FY2022, two manufacturing facilities of the Brother Group were certified as

* PAS 2060 (Publicly Available Specification 2060): International standard that certifies the achievement of carbon neutrality

Efforts to Reduce CO₂ Emissions in Offices

BROTHER INDUSTRIES (U.K.) LTD.



In addition to promoting energy-saving activities at its factory and office and reducing CO₂ emissions by switching some company vehicles to hybrid vehicles, BROTHER INDUSTRIES (U.K.) LTD. has undertaken other efforts such as purchasing CO₂-free electricity which does not emit CO₂ during power generation, while using carbon credits to offset the remaining emissions.

Certified as Carbon Neutrality

BROTHER INDUSTRIES (U.K.) LTD.

<https://global.brother/en/news/2021/211118carbonneutral>

carbon neutral companies after being determined to meet the PAS 2060* standard. The Brother Group will continue to work as one to strengthen its environmental efforts to create a society that is capable of sustainable development on a global scale.

BROTHER INDUSTRIES (SLOVAKIA) s.r.o.



BROTHER INDUSTRIES (SLOVAKIA) s.r.o. has undertaken efforts such as promoting energy-saving activities at its factory and offices, including the utilization of a geothermal exchange system for heating and air conditioning, energy generation activities through the installation of solar panels, and the purchasing of CO₂-free electricity, while using carbon credits to offset the remaining emissions.

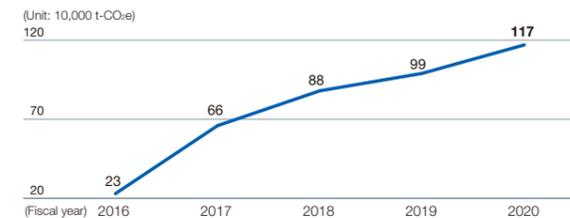
BROTHER INDUSTRIES (SLOVAKIA) s.r.o.

<https://global.brother/en/news/2022/220627carbonneutral>

Contribution to the Reduction of CO₂ Emissions in Products

The Brother Group is working to reduce CO₂ emissions throughout the product life cycle through the improvement of energy-saving performance of Brother products and services. Through the use of Brother's energy-saving products and services, electricity consumed by our customers can be reduced, which leads to our contribution to the reduction of their CO₂ emissions. Also, to measure and increase our contribution, we define and visualize the CO₂ emissions reduced at customer sites through Brother products and services as the amount of contribution to the reduction of CO₂ emissions. We will continue to promote the reduction of CO₂ emissions from the Brother Group while expanding amount of contribution to the reduction of CO₂ emissions by providing Brother products and services that emit less CO₂ throughout their life cycles than before, as well as contribute to the reduction of CO₂ emissions in society as a whole.

Amount of contribution to the reduction of CO₂ emissions for machine tools [total from FY2016 to FY2020]



Method of Calculating the Amount of Contribution to the Reduction of CO₂ Emissions (based on internal research)

Compared Brother's product (SPEEDIO No. 30 spindle machine) to competitor's products (No. 30 and No. 40 spindle machines), and calculated the reduction of CO₂ emissions that could be achieved through improving energy-saving performance and other means.

* Calculation formula (competitor product CO₂ emissions – Brother product CO₂ emissions) x number of products sold (estimated 10 years of product use)

* CO₂ emissions from competitor products are calculated based on data obtained by running general No. 30 and No. 40 spindle machines based on Brother's scenarios with a processing program developed by Brother (No. 30 and No. 40 spindle machines refers to the size of the tool attachment area and are machine tool industry terms that represent product categories)

* The amount of reduction contribution is based on Brother's original scenarios and differs from the actual reduction

Resource Circulation and Waste Reduction Initiatives

In February 2022, the Brother Group revised the medium-term target for FY2030 regarding the resource circulation target in order to further promote resource circulation initiatives and conduct business operations compatible with a circular economy. The Brother Group aims to reduce the ratio of virgin materials in the total amount of materials used in products to 65% or less through the expansion of circular-economy-based businesses such as subscription-based businesses and materials recycling such as the utilization of recycled and reused materials for products. The Brother Group will promote resource circulation and waste reduction throughout the entire value chain by accelerating initiatives to achieve this target.

Biodiversity Conservation

We are working to quantify and reduce the environmental impact of the Brother Group's business activities on the ecosystem toward achieving the Environmental Vision 2050.

The relationship map between business activities and biodiversity is based on product life cycle assessment. This map quantifies the environmental impact caused by the input and output in individual processes of business activities and shows the rate of environmental impact in the individual processes. Furthermore, the map lists the following five items as the major impacts that business activities have on the ecosystem: climate change, pollution, biological resource loss, habitat loss, and invasive alien species, and describes the Group's ecosystem conservation activities designed to reduce the risk of these impacts. Going forward, we will continue to expand the scope of quantification and develop more effective biodiversity conservation activities.

Relationship Map Between Business Activities and Biodiversity

<https://global.brother/en/sustainability/eco/biodiversity#b02>

Environmental Initiatives

TCFD



Compliance with the TCFD Recommendations and Further Promotion of Climate Change Countermeasures to Reduce CO₂ Emissions as One of Our Materialities

In order to contribute to society and protect the earth, the Brother Group has identified the reduction of CO₂ emissions as one of the important issues to solve as materiality, and has set CO₂ emission reduction targets as sustainability goals. In February 2020, the Brother Group expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).

Based on these TCFD Recommendations, the risks and opportunities of climate change with regard to our Printing & Solutions Business, Personal & Home Business, Machinery Business, and new businesses were analyzed, and relevant information was disclosed in FY2021. We will expand the scope of our business analysis and strive to enhance our information disclosure as well as further stepping up our climate change countermeasures in order to contribute to the formation of a decarbonized society.

Governance

The Brother Group is driving global environmental conservation activities throughout the Group based on the Brother Group Environmental Policy. The Strategy Meeting composed mainly of representative directors and executive officers who serve concurrently as directors, discusses and makes decisions on important matters related to climate change.

In addition, the Environmental Committee (chaired by the environmental officer) held three meetings in FY2021 as an organization responsible for environmental risks, including climate change, and environmental issues of the Brother Group, and for monitoring the progress of environmental initiatives, including response to climate change, and promoting these initiatives. Serious environmental risks and issues related to climate change raised at the Environmental Committee are reported to the Risk Management Committee chaired by the Representative Director & President. Of these, particularly critical issues are reported to the Board of Directors for instructions and supervision from the management.

From FY2022, the Sustainability Committee, chaired by the Representative Director & President, will be newly established, and the Climate Change Response Subcommittee (chaired by the environmental officer), one of the subcommittees of the Sustainability Committee, will be responsible for monitoring the progress of environmental initiatives, including response to climate change, and promoting these initiatives. In addition, serious environmental risks and issues related to climate change raised at the Climate Change Response Subcommittee will be reported to the Sustainability Committee. If any of the issues are especially critical, they will be reported to the Board of Directors for instructions and supervision from the management.

Strategy (scenario analysis)

The "Brother Group Environmental Vision 2050" places the reduction of CO₂ emissions as an important matter for the Brother Group. Together with recognizing that climate change, which is becoming more serious around the globe, is an important social issue, we regard climate change as business risks and opportunities for the Brother Group and are striving to resolve it on a long-term and continuous basis.

In FY2020, based on the recommendations of TCFD, we assessed the importance of climate-related risks and opportunities that could impact our businesses between 2020 and the future. We identified seven key risks and opportunities and evaluated their impact on the Group's businesses and financial performance based on the "1.5°C scenario, in which global warming countermeasures are progressing and the realization of a decarbonized society approaches" and the "4.0°C scenario, in which countermeasures against global warming do not go beyond current measures around the world, and temperatures rise further."

Reference was made to the Sustainable Development Scenario (SDS) by the International Energy Agency (IEA), the RCP 8.5 scenario by the Intergovernmental Panel on Climate Change (IPCC), and Aqueeduct (a water risk assessment tool) for the 1.5°C and 4.0°C scenarios.

The results of this analysis showed that, in both aspects of risks and opportunities, the promotion of carbon neutrality—especially the promotion of response to a circular economy—is important to the Brother Group. Going forward, the Group will further strengthen initiatives such as CO₂ emission reduction activities and the expansion of recycling businesses.



Climate-related risks

Changes in the external environment		Financial impact	Estimated time	Impact on the Brother Group	Countermeasure	
Transition risks (Policy and legal risk, changes in the market)	Carbon neutral	Introduction of carbon tax or increase in carbon tax rate	Medium	Medium-term	Increases in product and service costs due to introduction of carbon tax or increase in carbon tax rate	Set medium-term targets to reduce CO ₂ emissions by FY2030, and implement planned activities to achieve these targets
	Circular economy	Shift from gas / diesel vehicles to electric vehicles	Medium	Short-term	Falling demand for metalworking parts for internal combustion engines	Develop machine-tool products and functions suitable for processing parts related to electric vehicles, which are expected to increase
		Strengthening of environmental regulations Growing market demand	—	Short to Medium-term	Sales opportunity losses owing to lag in meeting environmental regulations and market demand in the communications and printing equipment sectors	<ul style="list-style-type: none"> Implement preliminary surveys on regulatory trends and early response Implement activities to improve the usage rate of recycled plastics and reduce the amount of styrofoam used with printing equipment Implement activities to reduce the use of virgin materials
Physical risks (Acute)	Intensified damage from extreme weather events such as cyclones and floods	Medium	Short to Long-term	Production could be suspended due to floods	<ul style="list-style-type: none"> Implement specific measures against natural disasters Implement risk countermeasures through multi-site production for some models Strategically consider parts suppliers and their upstream suppliers 	

Estimated Time Short-term: Within 10 years Medium-term: 10-50 years Long-term: Over 50 years
 Financial Impact Low: 1 billion yen or less Medium: 1 to 10 billion yen Large: Over 10 billion yen -: Consider in the future

Climate-related opportunities

Changes in the external environment		Impact on the Brother Group
Opportunities (Products and services)	Carbon neutral	Increasing need for customers to cut CO ₂ emissions
		Shift from gas / diesel vehicles to electric vehicles
		Circular economy
		Increased demand for energy-efficient products and low-carbon products
		Rising demand for machine tools to increase new manufacturing workpieces for electric vehicle-related parts, etc.
		Secure business opportunities through the expansion of cyclical businesses

Risk Management

The Brother Group regards important social issues such as climate change, resource depletion, environmental pollution, and ecosystem destruction as business risks. As such, the Brother Group Environmental Vision 2050 makes it clear that we will strive to resolve these issues on a long-term, ongoing basis.

The Risk Management Committee chaired by the Representative Director & President has been established to regularly meet to identify and evaluate company-wide risks, including environmental risks such as climate change, and to give appropriate response instructions. In addition, the Environment Committee was established as a subordinate body of the Risk Management Committee, and this committee has identified important challenges, such as climate change, and

determined and implemented appropriate measures. Furthermore, the committee has also set ambitious targets for climate change countermeasures and regularly monitors progress. From FY2022, the regular identification, assessment, and appropriate response instruction for environmental risks, including climate change, will be handled by the newly established Sustainability Committee, while the identification of key issues such as climate change, determination and implementation of appropriate measures, setting of ambitious targets, and regular monitoring of progress will be handled by the Climate Change Response Subcommittee, established as a subcommittee of the Sustainability Committee.

Metrics and Targets

Under the Brother Group Environmental Vision 2050, in the reduction of CO₂ emissions, the Brother Group will aim to achieve carbon neutrality* in all business operations and minimize CO₂ emissions from the entire value chain by FY2050. In addition, the medium-term target for FY2030—which serves as a milestone—is set as achieving, by FY2030, 65% reduction in CO₂ emissions from the Brother Group from the FY2015 level for Scopes 1 and 2, and 30% reduction from the FY2015 level for the stages of product procurement, use, and disposal (categories 1, 11, and 12 of Scope 3), which emit particularly significant amounts of CO₂ in the value chain. This medium-term target for FY2030 has been certified as "1.5°C target" by the "Science Based Targets initiative (SBTi)," an international initiative.

In order to achieve the medium-term target for reducing CO₂ emissions in line with the Brother Group Environmental Vision 2050,

the Brother Group is undertaking a number of efforts. These include reducing the use of solvents containing greenhouse gases used in production processes, stepping up energy-saving activities at workplaces (for example, introducing high-efficiency equipment), accelerating the use of renewable energy, and resource and energy conservation in company products, and promoting the recycling of resources.

* Achieve overall zero CO₂ emissions from the Brother Group

Set medium-term target of achieving 65% reduction from the FY2015 level in Scopes 1 and 2 by FY2030
 Set medium-term target of achieving 30% reduction from the FY2015 level in Scope 3 by FY2030

See "Non-financial Indicators" on page 71

The Medium-Term Target for FY2030

<https://global.brother/en/sustainability/eco/cc#c06>

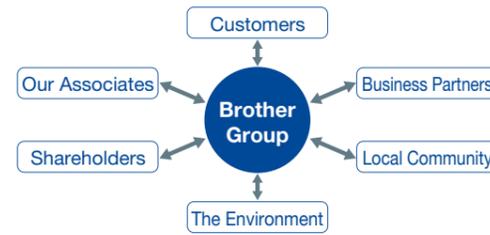
Social Initiatives

The Brother Group will accelerate its efforts to address materialities in the spirit of “At your side.” to build long-term trusting relationships with our stakeholders.

Among the materialities identified for achieving the Brother Group Vision “At your side 2030,” we will build long-term trust with our stakeholders by maintaining sincere engagement with them, aiming for “supporting people’s value creation,” “realizing a diverse and active society,” and “pursuing a responsible value chain,” in order to contribute to society through our business activities.

Trusting Relationships with Stakeholders Based on the Global Charter

Based on the “At your side.” spirit, Brother aims to create social value through business activities. The foundation of this is the building of long-lasting, trustful relationships with our stakeholders that put the customers first. This is contained in the Global Charter. All employees of the Brother Group act with this sense of value to continue to evolve Brother’s management with an emphasis on sustainability.



Efforts to Build Long-Term Trusting Relationships with Stakeholders

Stakeholders	Brother Group Global Charter	Effort Examples
Customers	<ul style="list-style-type: none"> Place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services Quickly respond to the demands and expectations of the global marketplace 	<ul style="list-style-type: none"> Take customer opinions as the starting point and deliver products and services that meet customer needs Promote manufacturing of reliable products that customers can continue to use Continue product quality improvement activities
Employees	<ul style="list-style-type: none"> Respect diversity, provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments Provide our associates with fair, attractive financial rewards 	<ul style="list-style-type: none"> Build systems and environments in which diverse human resources can demonstrate their abilities Institute a target management system to provide fair evaluation and compensation Establish talent development systems, such as manager development and trainee programs
Business partners	<ul style="list-style-type: none"> Act fairly with business partners and build strong, respectful working relationships for mutual growth 	<ul style="list-style-type: none"> Share the Procurement Policy and CSR Procurement Standards with suppliers Operates the CSR Procurement Level-up Program
Shareholders	<ul style="list-style-type: none"> Effectively utilize capital from shareholders to drive sustainable growth in corporate value and have regular, open communication 	<ul style="list-style-type: none"> Provide the latest information to shareholders and investors through general meetings of shareholders and financial results briefings
Local communities	<ul style="list-style-type: none"> Share our social, economic and cultural resources in all the communities where the Brother Group operates 	<ul style="list-style-type: none"> Globally promote social contribution activities with a sense of unity
Environment	<ul style="list-style-type: none"> Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations 	<ul style="list-style-type: none"> Create eco-conscious products Recover and recycle consumables and products Promote CO₂ emissions and waste reduction

TOPICS Human Rights Initiatives

With its global business operations, the Brother Group has established the “Brother Group Principles of Social Responsibility” in order to demonstrate its respect for human rights, and to define and act on its responsibilities as a corporation, clearly stating that it honors everyone with trust and respect and observes fundamental human rights. The Group also plans to establish the “Brother Group Global Human Rights Policy” by the end of March 2023 to reinforce its respect for human rights and its response to salient human rights issues. In addition, the Group is further strengthening its efforts regarding human rights by establishing consultation and whistleblowing helplines for compliance violations and harassment, and by providing human rights training for the management, managers, and new employees.

As part of our efforts for “pursuing a responsible value chain” stated as one of our materialities, we are also promoting human rights initiatives to our suppliers. BIL is promoting CSR procurement on a global basis, and from FY2022, we are requesting suppliers to comply not only with the “CSR Procurement Standards”, but also with the “RBA Code of Conduct.” Furthermore, as part of our human rights due diligence, we have been conducting a survey for primary suppliers on the existence of forced labor since 2017*. In FY2021, we confirmed that there was no forced labor at any of the primary suppliers surveyed.

We will continue to respect the human rights of all people involved in the Brother Group’s business and accelerate our human rights initiatives to ensure the safety and security of workers.

* For the Printing and Solutions Business, Machinery Business, and Personal and Home Business

Co-Creation of Value with Suppliers

The Brother Group Global Charter stipulates that the Group “effectively delivers superior value to customers, acts fairly with business partners, and builds strong, respectful working relationships for mutual growth.” Based on this idea, we have established our Procurement Policy and CSR Procurement Standards. In addition, the Brother Group has established the “CSR Procurement Level-up Program” and is implementing it to improve the level of CSR procurement at each supplier by repeating the following three steps.



Brother Industries (Vietnam) Ltd. conducted a self-assessment based on RBA requirements together with its suppliers, and in 2022, it became the first manufacturing facility of the Brother Group to undergo an on-site audit by the RBA and attained RBA Gold certification. By continuing to implement activities such as the above to ensure compliance with RBA requirements at its manufacturing facilities, and by expanding the number of facilities subject to self-assessment according to the business risks at each manufacturing facility, the Group is strengthening its efforts for “pursuing a responsible value chain” stated as its materialities.

Responsible Supply Chain

<https://global.brother/en/sustainability/social/supply-chain>

Dialogue with Employees

The Global Charter sets forth the fundamental principles of the Brother Group, such as “quickly and consistently providing superior value with the “At your side.” spirit in mind,” “confidently facing challenges with a consistently global view,” and “acting with the highest integrity.” The top management of the Group’s respective facilities formulate their commitments every year based on the Global Charter and place importance on holding direct talks with employees to share policies and understand issues at work sites.

In FY2021, about 4,500 face-to-face dialogues between management and employees were conducted, and 52 messages were issued by the management (including 42 by the President). The content of these messages is available on the company intranet in eight languages. In addition, in order to further promote individual actions based on the Global Charter, Global Charter promotional leaders have been appointed at each facility and department, holding meetings regularly. The promotional leaders’ meetings provide an opportunity to obtain hints for what one can do at their own facility through discussions such as on examples of employees’ actions based on the Global Charter that have

contributed to improved productivity. Furthermore, from FY2022, the Brother Group has been conducting Promoting Our Vision activities for the Group Vision “At your side 2030” using the existing system for the Global Charter promotion activities. As of July 2022, approximately 6,300 employees have participated in these promotion activities, which play a major role in encouraging employees to take action toward achieving the Vision.

Relationship with Local Communities

The Brother Group has been globally promoting social contribution activities that further enhance the sense of unity as a group. Such global activities include charity activities conducted in many parts of the world to support cancer patients. More than 4,300 employees* from over 20 Group facilities have participated in these initiatives.

The Brother Group has also been cosponsoring the Tokai Young Entrepreneur Seminar in Japan since 2008 to assist young entrepreneurs who address local challenges. Every year, three or four of our employees participate in this seminar as pro bono workers, with the total number of employees participating reaching 32 by 2021.

These activities have not only helped to strengthen our connections with local communities but have also led to increasing employees’ awareness and broadening their perspectives, enabling them to make use of their experience in their own actions and work.

* The number of participants in FY2019. In FY2020 to FY2021, it was canceled, postponed, or changed to an online event due to the impact of COVID-19.



Final presentation conducted both in-person and online (Tokai Young Entrepreneur Seminar in FY2021)

Communication with Shareholders

We actively engage in constructive dialogue with our shareholders and investors in addition to providing them with the latest information such as through our notice of convocation, website, financial results briefings, and small meetings. Specifically, we provide detailed explanations and exchange opinions with shareholders and investors on management strategies and policies for the future under the themes of the Brother Group Vision “At your side 2030” and the medium-term business strategy CS B2024. In FY2021, we engaged in dialogue with ESG investors by using our Integrated Report to explain the Brother Group’s ESG initiatives and received their feedback. We will incorporate the advice and issues raised by ESG investors for a “more Brother-like” Integrated Report into our future management and information disclosure accordingly.



Online financial results briefing for investors

Message from the Director & Chairman



Toshikazu Koike
Director & Chairman
Chairperson of the Board

Working to Improve Corporate Value and Responsiveness to Change Through Active Discussion and Prompt Decision-Making

Management that Responds Quickly to Change

In the midst of an ever-changing business environment, various risks are materializing around the world. What is important in such times of turmoil is to have access to as much information as possible on a global and real-time basis, and to respond quickly to changes in the environment. Our aim within the Board of Directors is to support business execution to enable the right decisions for the Brother Group to be made quickly. COVID-19 has resulted in dramatic changes to people's lives and work styles. With the addition of an energy crisis, food insecurity, price inflation, and wildly fluctuating exchange rates that have their roots in the Russian invasion of Ukraine, there is increasing uncertainty about the future of the economy. In such an environment, we must be more alert to all manner of changes, by detecting changing customer values and exploring value creation as demanded by the customers, and we must respond carefully and quickly.

Over the 114 years of our history, the Brother Group has overcome a range of difficulties by responding to change and transforming our business. In any crisis or change, what is most important to us is that we always conduct our business activities with the "At your side." spirit in mind. To enable the Brother Group to demonstrate this "At your side." spirit globally and continue meeting the expectations of every stakeholder, the Board of Directors is committed to our advisory and supervisory functions over business operations.

History and Future Directions of a Strengthened Governance System

In order to accelerate its decision-making and strengthen its corporate governance, Brother adopted an executive officer system in 2000. In addition to clarifying the division of roles between execution and supervision, since 2008 we have also ensured that approximately half our Directors are Outside Directors. More than half of the members of our Audit & Supervisory Board are also Outside Auditors. With regard to the nomination and compensation

of Directors and Executive Officers, we have established a voluntary Nomination Committee and a Compensation Committee since we adopted the Corporate Governance Code in 2015. To respond quickly to the code and improve the effectiveness of the Board of Directors, we also ensure that the committees are chaired by Outside Directors and that the majority of committee members are also Outside Directors, and we have worked to safeguard the fairness and transparency of the Board of Directors procedures.

Our business environment is undergoing immense change. To respond to business issues that are both global and diverse in nature, it is essential that we have a governance system that balances supervisory and executive functions at a high level, and that is rooted in wide-ranging knowledge and voices from diverse backgrounds. For our company to survive, it is vital that diverse human resources—regardless of nationality or gender—have the opportunity to demonstrate their potential. For this reason, when appointing Outside Directors, our focus is on candidates who have global business experience, rich management experience, high levels of expertise, and experience in resolving social issues. We do not favor candidates from specific fields, but instead take care to ensure the Board of Directors features the diverse skills required for corporate management. Going forward, we will endeavor to further boost levels of communication, information sharing, and discussion to enable all our Directors to more than adequately demonstrate their skills. I have also strongly advocated a more diverse executive make-up, not just the Board of Directors, and have urged the appointment of both foreign and female Executive Officers.

Discussions at Main Meetings of the Board of Directors in FY2021 and Promotion of Reforms for the Future

When formulating our medium-term business strategy "CS B2024," our Board of Directors actively discussed strategy topics, financial policies, and sustainability initiatives from the perspectives of whether the initiatives would achieve sustainable

growth and improved corporate value, and whether they would meet the expectations of all stakeholders. The compensation plan for Directors and Executive Officers, in particular, which ensures Directors and Executive Officers are even more committed to improving corporate value, was discussed at length by the Compensation Committee, with extensive suggestions and advice from the Outside Directors, to amend the plan. In terms of demands from society for sustainability, we will increase our ability to implement CO₂ reduction initiatives with the aim of achieving carbon neutrality by 2050. At the same time, we will accelerate improvements to corporate value over the medium- to long-term by adopting performance-based remuneration linked to short-term and medium-term business performance and share price.

Increasing Effectiveness of the Board of Directors

To ensure our Directors and Auditors fulfill their roles on the Board of Directors sufficiently, it is important that members share background and other information on management- and business-related issues, and that they are comfortable enough to discuss these matters with each other. For this reason, we have developed systems for smooth sharing of information with all members of the Board, including Outside Directors and Outside Auditors. For important matters that are particularly difficult to understand from outside the company, I personally explain the background and intent fully so that they can participate in discussions. By sharing information, we are able to receive valuable advice from Outside Directors and Outside Auditors who have experience in a wide range of fields. I believe that their suggestions, in terms of execution as well as governance, compliance and other safeguards, provide a long-term, overarching perspective that creates a higher level of vigilance over management.

Furthermore, to improve the effectiveness of the Board of Directors, we have carried out an evaluation of its effectiveness of the Board of Directors every year beginning in 2015. Since 2019, we have also used external agencies for a more objective

evaluation. We treat the results of these effectiveness evaluations seriously every year. In FY2020, the evaluation indicated a need to improve discussions on formulating medium-term strategies by the Board of Directors. Therefore, in meetings of the Board of Directors in FY2021, we held in-depth discussions from the initial stages when formulating CS B2024. In the future as well, we will continue using these effectiveness evaluations to make ongoing improvements to the Board of Directors.

Supporting Efforts Through Proactive Governance

Ongoing creation of innovation is essential for the Brother Group to improve corporate value over the long term. I believe that proactive governance helps people take on the challenges of new businesses and new business models, and always encourages active initiatives. I also believe that talented individuals are the foundation of sustainable growth for the Brother Group. That is why I want to encourage all of our employees to take on challenges with a positive mind. I want as many as possible of our diverse employees to challenge themselves to achieve their best, and that is why I interact and speak directly with employees of all levels, from new employees to our young members and newly appointed managers. In fact, this year marks the ninth time we have run "Terry's Challenge Academy," a human resources development program that supports our young employees to take on challenges. One aspect of Brother's corporate culture that I think we should preserve is that young employees can take on challenges without fear of failure. I want as many of our employees as possible to have the courage, from a young age, to be able to say that they carry the future of the Brother Group on their backs. I want everyone to take on challenges positively, pleasantly, powerfully, and with motivation. I want every employee of the Group to join forces and continue growing, which will create a virtuous circle and lead to eternal prosperity for the Brother Group.

* "Terry" is the nickname of Chairman Toshikazu Koike

Composition of the Board of Directors

Composition of the Board of Directors

BIL's Board of Directors is composed of various types of individuals with different knowledge and experiences to contribute to the sustainable management of the Brother Group's global business operations. BIL, placing importance on both supervisory and advisory functions of the Board of Directors, places particular emphasis on appointing Outside Directors who are independent of its management and who possess a wealth of management experience.

BIL expects each Director and Corporate Auditor, toward achieving the Brother Group's vision "At your side 2030," to contribute to the nine areas of expertise in the skill matrix in terms of both supervision and advice, in order to actively respond to sustainability issues as well as form business strategies including growth strategies in the industrial area under the CS B2024 Medium-Term Business Strategy.

Skills Matrix (As of June 20, 2022)

Role	Name	Official title or position	Committees to which he/she belongs		Area of Expertise									Age	Independent	Attendance
			Nomination Committee	Compensation Committee	Business Strategy	Development/Manufacturing	Sales/Marketing	IT/DX	Human Resources Development	Internationalism	Legal/Compliance	Financial/Accounting	ESG/Sustainability			
Directors	Toshikazu Koike	Director & Chairman	●	●	●	●	●	●	●	●	●	●	●	66	●	12/12
	Ichiro Sasaki	Representative Director & President	●	●	●	●	●	●	●	●	●	●	●	65	●	12/12
	Tadashi Ishiguro	Representative Director & Vice President			●	●	●	●	●	●	●	●	●	61	●	12/12
	Kazufumi Ikeda	Director & Managing Executive Officer			●	●	●	●	●	●	●	●	●	59	●	10/10
	Satoru Kuwabara	Director & Managing Executive Officer			●	●	●	●	●	●	●	●	●	59	●	9/10
	Taizo Murakami	Director & Managing Executive Officer			●	●	●	●	●	●	●	●	●	60	●	-
	Keisuke Takeuchi	Outside Director	●	●	●	●	●	●	●	●	●	●	●	74	●	12/12
	Aya Shirai	Outside Director	●	●	●	●	●	●	●	●	●	●	●	62	●	12/12
	Kazunari Uchida	Outside Director	●	●	●	●	●	●	●	●	●	●	●	70	●	12/12
	Naoki Hidaka	Outside Director	●	●	●	●	●	●	●	●	●	●	●	69	●	12/12
Masahiko Miyaki	Outside Director	●	●	●	●	●	●	●	●	●	●	●	68	●	10/10	
Auditors	Kazuyuki Ogawa	Standing Corporate Auditor								●	●	●	62	●	12/12	
	Keizo Obayashi	Standing Corporate Auditor								●	●	●	59	●	12/12	
	Akira Yamada	Outside Auditor								●	●	●	69	●	12/12	
	Masaaki Kanda	Outside Auditor								●	●	●	70	●	12/12	
	Kazuya Jono	Outside Auditor								●	●	●	67	●	12/12	

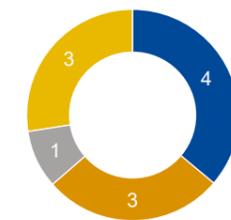
*The information above does not include all of the expertise possessed by each Director and Auditor.

Features of Brother's Board of Directors

Corporate Governance Structure (As of June 20, 2022)

Organizational Composition and Operation	Company with Audit & Supervisory Board
Number of Directors:	11
Number of Outside Directors included:	5
Number of female Directors included:	1
Number of independent Directors:	5
Term of Directors:	1 year

Breakdown of Directors by years served



■ 1-2 years ■ 3-4 years ■ 5-6 years ■ 7+ years

Reasons for Appointment
Toshikazu Koike has an excellent track record and demonstrated outstanding qualities as a senior executive. After gaining years of experience as the head of the Americas sales headquarters, he drove the growth of our primary printing business as the President of Information & Document Company. As the President of the Company since 2007, he led the Group to steady growth toward achieving our long-term business vision. Further since 2018, he, as the Chairman of the Board of the Company, has shown his ability to promote corporate governance for the Group. It is therefore considered that his skills are essential to the operation of the Company.
As an engineer for product development, Ichiro Sasaki was one of the people who established the foundation of our laser printer technology. He possesses a broad range of knowledge based on his experience, which includes operations in the manufacturing field (such as product planning and quality assurance) and management of our U.K. sales company. He led the acquisition of the Domino business and its subsequent integration, and after taking the position of the President of the Company in 2018, he has demonstrated excellent leadership in various business fields of the Company. We believe his extensive knowledge, leadership and other qualities will help contribute to the growth of the Company Group's corporate value.
With years of experience as the head of the Americas sales headquarters, Tadashi Ishiguro drove the growth of our business in the Americas. After returning to Japan, he formulated the Mid-Term Business Strategy as an executive responsible for corporate planning. Since fiscal year 2017, he has greatly contributed to the performance of Printing business as an executive responsible for the business. We believe his knowledge and experience will help contribute to the growth of the Group's corporate value.
After joining this Company, Kazufumi Ikeda accumulated operational experience, including in product planning and sales, as well as experience in the management of a sales subsidiary in Germany. Thereafter, he formulated and showed his ability on promoting the Medium-Term Business Strategy as the responsible person in the Corporate Planning Dept. Most recently, he has been driving the development of our business in the Americas as the head of the Americas sales headquarters. We believe his knowledge and experience will contribute to the growth of the Group's corporate value.
After joining this Company, Satoru Kuwabara was engaged in development design operations in our primary P&S business over several years, and he particularly demonstrated excellent leadership in the development of laser printer products. From 2010, he served as the operating officer of a manufacturing subsidiary in China as our main production base. Since fiscal year 2021, he has driven the growth of the P&S business as its head officer. We believe his knowledge and experience will contribute to the growth of the Group's corporate value.
Since Taizo Murakami joined this Company, he has been engaged for many years in the manufacturing technology field in the Company's main business, such as the sewing machine or printer business, and therefore he has extensive knowledge in the manufacturing and quality control fields of the Company Group from his work in positions including the head of the production base in the ASEAN area. Most recently, he has been demonstrating his abilities as the executive responsible for the Company's quality and manufacturing functions in promoting the manufacturing technology strategy and manufacturing base strategy, and in dealing with supply chain issues for business continuity. We believe his knowledge and experience will contribute to the growth of the Group's corporate value.
Mr. Takeuchi has been involved in the management of a global group of companies through his experience as Representative Director and Chairman of JGC Corporation (currently JGC Holdings Corporation). Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives.
Ms. Shirai has been engaged in the management of various manufacturing companies for years through her experience as an Outside Director. She has also been engaged in the top management of a local government and actively promoted the diversification of organizations. Through her extensive experience, insight and achievements, she can provide advice regarding the Group's management, make important decisions and supervise the execution of business.
Mr. Uchida has been involved in corporate management through his broad expertise as Japan Representative of Boston Consulting Group. He has also been engaged in the management of various companies for years through his experience as an Outside Director and an Outside Auditor. Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business, as an Outside Director of the Company independent of the managing executives.
Mr. Hidaka has been involved in the management of a global group of companies through his experience as Executive Vice President of Sumitomo Corporation and in the overseas offices of Sumitomo Corporation. Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business.
Mr. Miyaki has been involved in the management of a global group of companies as Executive Vice President of DENSO Corporation in such fields as technology development, quality, and the environment. Through his extensive experience, insight and achievements, he can provide advice regarding the Group's management, make important decisions and supervise the execution of business.
Kazuyuki Ogawa has been engaged in the administrative operations of the Company and Group companies, mainly in accounting operations, for years after joining the Company. He also promoted business concerning governance in Group companies, as a director or a corporate auditor of each of the companies in the Asian sales facilities of the Company. Based on such insight and experience, it is considered most appropriate for him to be appointed as an Auditor of the Company.
Keizo Obayashi has the knowledge and skills in accounting and tax fields through his experiences in business machines div., corporate planning dept., and European regional sales office. Most recently, he has the experience in promoting the internal control of the Group as the responsible person in Treasury Dept. Based on such insight and experience, it is considered most appropriate for him to be appointed as a Corporate Auditor of the Company.
Mr. Yamada, who has been involved in domestic and international corporate legal affairs as a lawyer for many years, is deemed able to carry out the duties of Outside Auditor of the Company and audit the Company's business operations from a perspective independent from the Company's management, based on his considerable experience, achievements and knowledge acquired as a lawyer.
In addition to his professional career as an attorney at law, Mr. Kanda has been engaged in the administrative operations of local governments for years. He has also been involved in the management of a private corporation as an Outside Director. Through his extensive experience, insight and achievements, he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.
Mr. Jono has been involved in the management of financial institutions for years. Through his extensive experience, insight and achievements he can provide auditing over the operation of the Company, as an Outside Auditor of the Company independent of the managing executives.

Directors, Corporate Auditors, and Executive Officers (As of June 20, 2022)

Directors



Toshikazu Koike
Director & Chairman

Apr. 1979 Joined the Company
Aug. 1982 Brother International Corporation (U.S.A.)
Oct. 1992 Director of Brother International Corporation (U.S.A.)
Jan. 2000 Director & President of Brother International Corporation (U.S.A.)
Jun. 2004 Director of the Company
Jan. 2005 Director & Chairman of Brother International Corporation (U.S.A.)
Apr. 2005 Director & Managing Executive Officer of the Company
Apr. 2006 Director & Senior Managing Executive Officer of the Company
Jun. 2006 Representative Director & Senior Managing Executive Officer of the Company
Jun. 2007 Representative Director & President of the Company
Jun. 2018 Representative Director & Chairman of the Company
Jun. 2020 Outside Director of Toyo Seikan Group Holdings, Ltd. (current position)
May 2021 Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation (current position)
Jun. 2022 Director & Chairman of the Company (current position)



Ichiro Sasaki
Representative Director & President

Apr. 1983 Joined the Company
Jan. 2005 Managing Director of Brother U.K. Ltd.
Apr. 2008 General Manager of NID Research & Development Dept. of the Company
Apr. 2009 Executive Officer of the Company
Apr. 2013 Managing Executive Officer of the Company
Jun. 2014 Director & Managing Executive Officer of the Company
Jun. 2016 Representative Director & Managing Executive Officer of the Company
Apr. 2017 Representative Director & Senior Managing Executive Officer of the Company
Jun. 2018 Representative Director & President of the Company (current position)



Keisuke Takeuchi
Outside Director
Independent Director

Apr. 1970 Joined Japan Gasoline Co., Ltd. (now JGC Holdings Corporation)
Jun. 2000 Director of JGC Corporation (now JGC Holdings Corporation)
Jun. 2001 Managing Director of JGC Corporation
Jun. 2002 Senior Managing Director of JGC Corporation
Jun. 2006 Director and Vice President of JGC Corporation
Mar. 2007 President and Representative Director of JGC Corporation
Jun. 2009 Chairman and Representative Director of JGC Corporation
Jun. 2014 Principal Corporate Advisor of JGC Corporation
Jun. 2017 Outside Director of the Company (current position)
Jun. 2019 Outside Director of Japan Post Bank Co., Ltd. (current position)



Aya Shirai
Outside Director
Independent Director

Apr. 1979 Joined All Nippon Airways Co., Ltd.
Jun. 1993 Member of Amagasaki City Council
Dec. 2002 Mayor of Amagasaki City
Jun. 2011 Outside Director of Gunze Limited
Apr. 2013 Executive Operating Officer of the Osaka Pref. Gender Equality Promotion Foundation
Jun. 2015 Outside Director of Pegasus Sewing Machine Mfg. Co., Ltd.
Jun. 2018 Outside Director of Sumitomo Precision Products Co., Ltd.
Jun. 2019 Outside Director of Sanyo Chemical Industries, Ltd. (current position)
Jun. 2019 Outside Director of the Company (current position)



Tadashi Ishiguro
Representative Director & Vice President
Responsible for: MIS Dept., New Business Development Dept.

Apr. 1984 Joined the Company
May 1987 Brother International Corporation (U.S.A.)
Jan. 2005 Director & President of Brother International Corporation (U.S.A.)
Apr. 2011 Group Executive Officer of the Company
Apr. 2013 Group Managing Executive Officer of the Company
Apr. 2014 Director and Chairman of Brother International Corporation (U.S.A.)
Jun. 2014 Director & Group Managing Executive Officer of the Company
Jan. 2015 Director & Managing Executive Officer of the Company
Apr. 2017 Director & Senior Managing Executive Officer of the Company
Jun. 2017 Representative Director & Senior Managing Executive Officer of the Company
Apr. 2021 Representative Director & Vice President of the Company (current position)



Kazufumi Ikeda
Director & Managing Executive Officer
Responsible for: Human Resources Dept., CSR & Corporate Communication Dept.

Apr. 1985 Joined the Company
Apr. 2003 Director & Executive Vice President of Brother International GmbH
Apr. 2009 General Manager of Corporate Planning Dept. of the Company
Apr. 2013 Director & Executive Vice President of Brother International Corporation (U.S.A.)
Apr. 2014 Director & President of Brother International Corporation (U.S.A.)
Apr. 2015 Group Executive Officer of the Company, Director & President of Brother International Corporation (U.S.A.)
Apr. 2019 Director & Chairman of Brother International Corporation (U.S.A.)
Apr. 2020 Managing Executive Officer of the Company
Jun. 2021 Director & Managing Executive Officer of the Company (current position)



Kazunari Uchida
Outside Director
Independent Director

Apr. 1974 Joined Japan Airlines Co., Ltd.
Jan. 1985 Joined Boston Consulting Group
Jun. 2000 Japan Representative of Boston Consulting Group
Apr. 2006 Professor of Faculty of Commerce at Waseda University
Feb. 2012 Outside Auditor of Kewpie Corporation
Jun. 2012 Outside Director of Lifenet Insurance Company, Outside Director of Mitsui-Soko Co., Ltd. (now Mitsui-Soko Holdings Co., Ltd.)
Aug. 2012 Outside Director of Japan ERI Co., Ltd.
Dec. 2013 Outside Director of ERI Holdings Co., Ltd.
Jun. 2014 Independent Advisory Committee Member of the Company
Feb. 2015 Outside Director of Kewpie Corporation
Mar. 2016 Outside Director of Lion Corporation (current position)
Jun. 2020 Outside Director of the Company (current position)



Naoki Hidaka
Outside Director
Independent Director

Apr. 1976 Joined Sumitomo Corporation
Apr. 2001 General Manager of Chicago Office, Sumitomo Corporation of America
Apr. 2007 Executive Officer, General Manager of Metal Products for Automotive Industries Div. of Sumitomo Corporation
Apr. 2009 Managing Executive Officer, General Manager of Chubu Regional Business Unit of Sumitomo Corporation
Apr. 2012 Senior Managing Executive Officer, General Manager of Kansai Regional Business Unit of Sumitomo Corporation
Jun. 2013 Representative Director, Senior Managing Executive Officer, General Manager of Transportation & Construction System Business Unit of Sumitomo Corporation
Apr. 2015 Representative Director, Executive Vice President, General Manager of Transportation & Construction System Business Unit of Sumitomo Corporation
Jun. 2018 Special Advisor of Sumitomo Corporation
Jun. 2019 Advisor of Sumitomo Corporation
Jun. 2020 Outside Director of the Company (current position)
Mar. 2021 Outside Director of Nabtesco Corporation (current position)



Satoru Kuwabara
Director & Managing Executive Officer

Head of Printing & Solutions Business Division
Responsible for: LE Development Dept., LC Development Dept., IDS Development Dept., Printing Application Development Dept., Labeling & Mobile Solutions Development Dept., Production Dept., Quality Management Dept. of P&S Business Division

Apr. 1987 Joined the Company
Oct. 2004 General Manager of Development Dept.1 of Information & Document Company
Apr. 2008 General Manager of Development Dept.1 of the Company
Apr. 2009 General Manager of Development Planning Dept. of the Company
Apr. 2010 CEO of Brother Technology (Shenzhen) Ltd.
Apr. 2014 General Manager of Development Planning Dept. of the Company
Oct. 2014 General Manager of LE Development Dept. of the Company
Apr. 2015 Executive Officer of the Company
Apr. 2019 Managing Executive Officer of the Company
Jun. 2021 Director & Managing Executive Officer of the Company (current position)



Taizo Murakami
Director & Managing Executive Officer

Head of Quality, Production & Engineering Center
Responsible for: Production Strategy Planning Dept., Engineering Development Dept., Basic Engineering Technology Dept., Quality Innovation Dept., IJ Production Dept., Purchasing Dept.

Apr. 1984 Joined the Company
Apr. 2007 General Manager, Production Technology Dept. of Printing & Solutions Company
Apr. 2008 General Manager, Production Technology Dept. of the Company
Apr. 2009 General Manager, Parts Engineering Dept. of the Company
Apr. 2010 Managing Director of Brother Industries Technology (Malaysia) Sdn. Bhd.
Apr. 2013 General Manager, Prototype Engineering Dept. of the Company
Apr. 2016 Executive Officer of the Company
Apr. 2019 Managing Executive Officer of the Company
Jun. 2022 Director & Managing Executive Officer of the Company (current position)



Masahiko Miyaki
Outside Director
Independent Director

Apr. 1977 Joined NIPPONDENSO CO., LTD. (now DENSO Corporation)
Jun. 2004 Managing Officer, Fuel Injection Engineering Dept. of DENSO Corporation
Jun. 2007 Managing Officer, Powertrain Control Systems Business Group of DENSO Corporation
Jun. 2010 Director & Senior Executive Officer, Electric System Business Group of DENSO Corporation
Jun. 2011 Director of Toyota Boshoku Corporation
Jan. 2012 Director & Senior Executive Officer, Powertrain Control Systems Business Group of DENSO Corporation
Jun. 2013 Representative Director & Vice President, Overall R&D, Engineering Research & Development Center, China Region of DENSO Corporation
Apr. 2015 Representative Director & Vice President, Quality, Safety, & Environmental Center of DENSO Corporation
Apr. 2017 Director of DENSO Corporation
Jun. 2017 Advisor of DENSO Corporation
Jun. 2021 Outside Director of the Company (current position)

Directors, Corporate Auditors, and Executive Officers

Corporate Auditors



Kazuyuki Ogawa
Standing Corporate Auditor

Apr. 1982 Joined the Company
Jun. 1993 Taiwan Brother Industries, Ltd.
Apr. 2003 Brother International Corporation
Jun. 2007 General Manager of Planning and General Affairs Division of Brother International Corporation
May 2009 Director and General Manager of Management Control of Brother International Corporation
Apr. 2018 General Manager of Corporate Auditors' Office
Jun. 2018 Corporate Auditor of the Company (current position)



Keizo Obayashi
Standing Corporate Auditor

Apr. 1986 Joined the Company
Mar. 2004 Brother International Europe, Ltd.
Apr. 2017 General Manager of Treasury Dept. of the Company
Apr. 2020 General Manager of Corporate Auditors' Office of the Company
Jun. 2020 Corporate Auditor of the Company (current position)



Akira Yamada
Corporate Auditor
Independent Auditor

Apr. 1986 Registered as an attorney (current position), Joined Miyake, Hatasawa & Yamazaki (now Miyake, Ushijima & Imamura)
Jun. 1991 Registered as an attorney in New York (current position)
Jan. 1992 Partner of Miyake & Yamazaki (now Miyake, Ushijima & Imamura)
Mar. 1994 Resident Partner of Bangkok Office of Miyake & Yamazaki
Jan. 2015 Outside Director of Amifa Co., Ltd.
Jun. 2015 Outside Auditor of Denyo Corporation
Dec. 2015 Representative of Three Fields L.L.C. (current position)
Dec. 2016 Outside Director (Member of the Audit and Supervisory Committee) of Amifa Co., Ltd. (current position)
Jun. 2018 Corporate Auditor of the Company (current position)
Jun. 2021 Outside Director (Member of the Audit and Supervisory Committee) of Denyo Corporation (current position)



Masaaki Kanda
Corporate Auditor
Independent Auditor

Apr. 1976 Registered as an attorney with the Nagoya Bar Association (now Aichi Bar Association)
Nov. 1989 Mayor of Ichinomiya City
Feb. 1999 Governor of Aichi Prefecture
Jan. 2011 President of Aichi Arts Center (current position)
Jun. 2014 Outside Director of Ogaki Kyoritsu Bank Ltd. (current position)
Jun. 2019 Corporate Auditor of the Company (current position)



Kazuya Jono
Corporate Auditor
Independent Auditor

Apr. 1977 Joined Mitsui Bank (now Sumitomo Mitsui Banking Corporation)
Jun. 2005 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Apr. 2007 Managing Executive Officer of SMBC
Apr. 2009 Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG), Director and President of Sumitomo Mitsui Card & Credit, Inc.
Apr. 2010 Director & Senior Managing Executive Officer of SMBC, Senior Managing Executive Officer of SMFG
Jun. 2011 Director of SMFG
Jun. 2012 Director & President, CEO of Citibank Japan Ltd.
Jun. 2015 Outside Auditor of The Japan Steel Works Ltd.
Outside Auditor of Toray Industries, Inc. (current position)
Jun. 2019 Corporate Auditor of the Company (current position)

Executive Officers

Senior Managing Executive Officers

Yuichi Tada

Responsible for: Corporate Planning Dept.
Responsible for: Nissei Business
Director of Nissei Corporation

Mitsuyasu Kyuno

Head of Personal & Home Business Division
Responsible for: Personal & Home Business Division
●Business Planning Dept., Sales & Marketing Dept., Development Dept., Production Innovation Dept., Quality Management & Customer Satisfaction Dept.

Managing Executive Officers

Tsuyoshi Suzuki

Responsible for: Development Center
●Technological Innovation Dept., Software Technology Development Dept., IJ Technology Development Dept.
Responsible for: Intellectual Property Dept.

Makoto Hoshi

Head of Machinery Business Division
Responsible for: Industrial Equipment Business
Machinery Business Division
●Business Planning Dept., Machine Tools Sales Dept., Machine Tools Development Dept., Technology Dept., Production Dept., Machine Tools CS Planning Dept., Quality Management Dept.

Tetsuro Koide

Head of Domino Business Division
Responsible for: Domino Business Division
●Domino Business Office, DP System Development Dept., CM System Development Dept.

Toshihiro Ito

Responsible for: Finance & Accounting Dept., Law, Environment & General Affairs Dept., Environment & Climate Change Strategy Dept.

Yumiko Iwadare

Responsible for: Printing & Solutions Business Division
●Business Planning Dept., Sales & Marketing Dept., Product Planning Dept., CX Development Dept., SPS Business Development Dept.

Executive Officers

Yasuyuki Hasegawa

Responsible for: Industrial Sewing Machine Business, Machinery Business Division
●Industrial Printers Business Dept., Industrial Sewing Machine Sales Dept., Industrial Sewing Machine Development Dept.

Tatsuya Sato

Responsible for: Development Center
●Electronic Technology Development Dept.
Responsible for: Design Dept.

Yoshiichi Sugimoto

Head of Network & Contents Business Division
Responsible for: Network & Contents Business Division
●Network System Business Development Dept.
Director of Xing Inc.

Group Managing Executive Officers

Isao Noji

Chairman & Managing Director of Brother International Europe Ltd.

Donald Cummins

Director & President of Brother International Corporation (U.S.A.)

Robert Pulford

Director & CEO of DOMINO PRINTING SCIENCES PLC

Group Executive Officer

Tsutomu Mishima

Representative Director & President of Brother Sales, Ltd.

Corporate Governance

Basic Approaches

In the Brother Group Global Charter, which provides the foundation for all Brother Group activities, BIL sets out its fundamental approaches to corporate governance. These include enhancement of corporate value over the long term by optimizing management resources and creating customer value, and development of long-term trustful relationships with shareholders by enhancing corporate transparency through active provision of corporate information to shareholders. Based on these approaches, we seek optimum corporate governance for improvement of corporate value, and continue to work on enhancement of corporate governance.

We also strive to strengthen governance in accordance with the Brother Group Basic Policies on Corporate Governance, which set forth policies such as securing the rights and equal treatment of shareholders, appropriate cooperation with stakeholders, the responsibilities of the Board of Directors, and dialogues with shareholders.

[Brother Group Basic Policies on Corporate Governance](#)

<https://global.brother/en/sustainability/governance/corporate>

Changes in Corporate Governance

Year	Details of Reforms and Enhancements	Key Points
2000	Introduced the executive officer system	Separation of business execution and supervision
2006	Started appointing independent Outside Directors	Enhancement of supervisory function
2007	Appointed female Directors	Diversified Board structure
2008	Appointed approximately half of the Board of Directors as independent Outside Directors	Enhancement of supervisory function
2015	Established the Brother Group Basic Policies on Corporate Governance	Strengthening of governance to contribute to the enhancement of corporate value
2022	Established the Sustainability Committee	Management system emphasis on sustainability

Corporate Governance Structure

BIL positions the Board of Directors as an organization that decides on basic management policies, makes high-level management decisions, and supervises the execution of operations. We adopt the structure of a company with an Audit & Supervisory Board. In addition, to ensure high transparency and objectivity, we have continuously enhanced our corporate governance structure. In order to enhance the management system focusing on sustainability, we established the Sustainability Committee in FY2022, which is chaired by the Representative Director & President, to conduct ongoing discussions on sustainability and report regularly to the Board of Directors.

Board of Directors

The Board of Directors consists of 11 Directors (including five Outside Directors), of which one is a female Director. In principle, meetings, which are chaired by the Representative Director & Chairman, are held once a month. In FY2021, the Board of Directors held 12 meetings. To increase medium- to long-term corporate value, the Board formulates management strategies and plans and carries out decision-making on important executive operations. At the same time, the Board supervises the Directors, Executive Officers, and other parties in their execution of operations, and strives to establish structures that ensure management soundness, such as the Group's internal control and risk management systems.

<Independent Outside Directors>

BIL appoints many independent Outside Directors with extensive experience in corporate management to ensure objective and neutral oversight of management from an external point of view, and thereby strengthen its management oversight function. BIL's independent Outside Directors provide management advice, decide important matters, and oversee executive operations based on their respective abundant experience, careers, and insights from perspectives independent of BIL's management.

<Director Training and Support System for Outside Directors>

We have created a system for providing training that we consider necessary for our Directors according to the training target, and conduct training based on the system. As training for Outside Directors, we mainly provide information on our businesses, history, financial affairs, organizations, and other matters. For other Directors, we provide opportunities to acquire knowledge about Directors' duties and responsibilities. Along with such training, we give Directors opportunities for worksite inspections, such as tours of facilities in Japan and overseas, thereby actively helping Directors to deepen their understanding of our businesses.

Audit & Supervisory Board

The Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors)* and it held a total of 12 meetings in FY2021. The Corporate Auditors have high levels of expertise in fields such as law and accounting, and follow the audit standards established by the Audit & Supervisory Board. They mainly conduct the audit activities listed below, audit the Directors' execution of duties, and conduct audits widely on the establishment and implementation of the Group's internal control system.

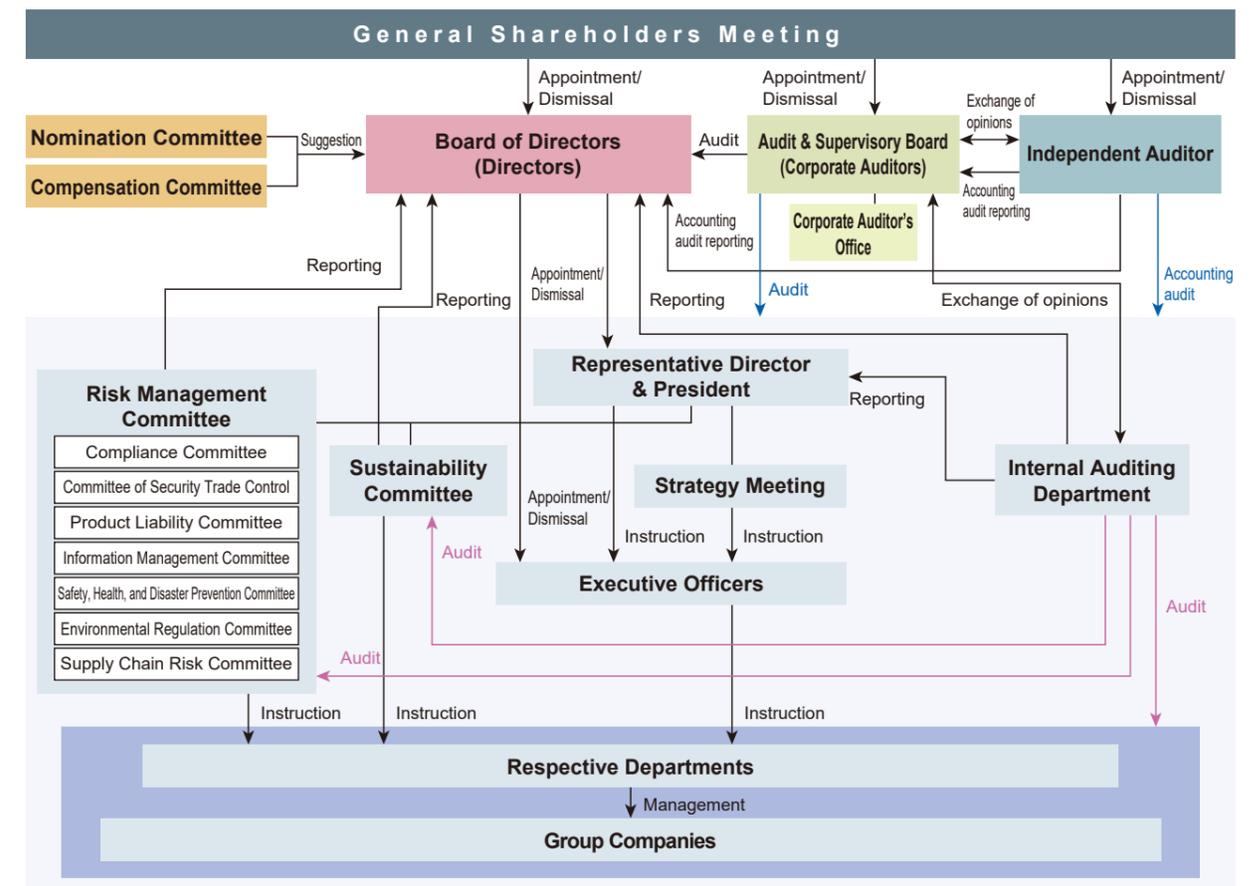
<Main Activities>

- Attendance at Board of Directors' meetings and voicing of opinions
- On-site audits of Group companies and listening to reports
- Interviews and opinion exchange with Directors
- Interviews and opinion exchange with executive departments
- Regular exchange of information and opinions with the Internal Auditing Department and accounting Auditors (such as three-way audit liaison conferences between the Audit & Supervisory Board, accounting Auditors, and Internal Auditing Department, and meetings for reports on financial results)

Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. There are 15 Executive Officers (including one female Executive Officer) and four Group Executive Officers (including two non-Japanese nationals). Of the Executive Officers, five are concurrently Directors. Executive Officers—including Group Executive Officers—are elected by the Board of Directors and carry out decision-making and executive operations delegated by the Board of Directors in accordance with the basic management policies determined by the Board. At the same time, the Executive Officers are responsible for overseeing the operations of businesses, departments, and Group subsidiaries under their supervision.

Governance Structure (As of June 20, 2022)



Nomination Committee and Compensation Committee

BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or removal and remuneration of Directors and Executive Officers. Each of the committees consists of seven Directors, including five Outside Directors as well as the Director & Chairman and the Representative Director & President, and appoints an Outside Director as its chairperson (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida). (As of June 20, 2022)

The Nomination Committee must deliberate on the agendas of the general shareholders meeting concerning appointment or removal of Directors and the agendas of the Board of Directors concerning appointment or removal of Executive Officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and report the outcome to the Board of Directors. The Nomination Committee also reports on matters such as succession planning for the CEO and other top management to the Board of Directors. The Nomination Committee primarily discusses matters related to the election of Directors, Executive Officers, and other senior management, and related matters. The Nomination Committee met four times in FY2021, and the attendance rate of each member was 100%.

The Compensation Committee must discuss the Company rules concerning the standard for calculating the remuneration for Directors and Executive Officers, and the respective remunerations of respective individuals, and report the outcome to the Board of Directors. The Compensation Committee primarily discusses matters related to compensation for Directors, Executive Officers, and other senior management, including the details, calculation method, individual payment amounts, and comparisons with the compensation levels of other companies. The Compensation Committee met eight times in FY2021, and the attendance rate of each member was 100%.

<Succession Plans for Top Management>

BIL's Nomination Committee regularly considers succession plans for the President and other top management. The Nomination Committee, which is mainly composed of Outside Directors, considers and discusses such plans from a wide variety of viewpoints, such as requirements for management personnel according to management strategies and the business environment and the development and appointment of human resources. The Committee's consideration and discussion, along with management personnel evaluations made through meetings with Executive Officers and other means, are reflected in the nomination of Directors and Executive Officers for each year.

Corporate Governance

Outside Directors

Independent Officer Selection Standards

The Company has established the Independence Standards for Outside Officers in the Brother Group Basic Policies on Corporate Governance as standards on independence for appointing Outside Directors and Outside Auditors. The Company's Outside Directors and Outside Auditors all satisfy the Standards, and the Company considers them sufficiently independent to perform their duties as Outside Officers from a standpoint independent of the Company's managing executives. The Company has also reported to the Tokyo Stock Exchange and Nagoya Stock Exchange all Outside Directors and Outside

Auditors to be independent officers as specified by each Exchange.

 Independence Standards for Outside Officers

<https://global.brother/en/sustainability/governance/corporate>

Reason for Selection of Outside Officers

In selecting Outside Directors, we place emphasis on factors such as global business experience and extensive management experience, high-level expertise, and experience in solving issues in society. We strive to create a composition of officers with a variety of skills as required for corporate management, rather than skills in limited fields.

 See page 51

Major Activities by Outside Directors (FY2021)

Name (Attendance)	Exhibition of Expertise and State of Activities
Keisuke Takeuchi (12 out of 12 times)	Mr. Takeuchi actively presented his opinions at the Company's Board of Directors meetings from a standpoint and viewpoint that is independent of the Company's managing executives based on his wealth of experience and knowledge acquired in the course of engaging in the management of a global corporate group by serving as President and Chairman of JGC HOLDINGS CORPORATION. He appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations. As the Chairperson of the Nomination Committee and a member of the Compensation Committee, Mr. Takeuchi also attended meetings of these committees and actively presented opinions. In particular, in determining a plan to elect and re-elect candidates for President and other Directors, he played a leading role in the consideration process as the Chairperson of the Nomination Committee.
Aya Shirai (12 out of 12 times)	Ms. Shirai actively presented her opinions at the Company's Board of Directors meetings from a standpoint and viewpoint independent of the Company's managing executives based on her wealth of experience and knowledge acquired as an Outside Director for manufacturers and proactively promoting the diversification of top management and organizations of local governments. She appropriately fulfilled her role as an Outside Director, as she provided advice on management and supervised the execution of operations. As a member of the Nomination Committee and the Compensation Committee, Ms. Shirai also attended meetings of these committees and actively presented opinions.
Kazunari Uchida (12 out of 12 times)	Mr. Uchida actively presented his opinions at the Company's Board of Directors meetings from a standpoint and viewpoint independent of the Company's managing executives based on his wealth of experience and knowledge acquired in corporate management as an Outside Director and Outside Auditor of several companies, in addition to a broad range of expertise in corporate management developed through serving as Japan's Representative in the Boston Consulting Group. He appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations. As a member of the Nomination Committee and the Compensation Committee, Mr. Uchida also attended meetings of these committees and actively presented opinions. As the Chairperson of the Compensation Committee and a member of the Nomination Committee, he also attended meetings of these committees and actively presented his opinions. In particular, as the Chairperson of the Compensation Committee, he played a leading role in the review process to decide on the proposed revisions to the compensation system for Directors.
Naoki Hidaka (12 out of 12 times)	Mr. Hidaka actively presented his opinions at the Company's Board of Directors meetings from a standpoint and viewpoint that is independent of the Company's managing executives based on his wealth of experience and knowledge acquired in the course of engaging in the management of a global corporate group by serving as Representative of overseas bases and Vice President of Sumitomo Corporation. He appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations. As a member of the Nomination Committee and the Compensation Committee, Mr. Hidaka also attended meetings of these committees and actively presented opinions.
Masahiko Miyaki (10 out of 10 times) ^{*1}	Taking advantage of his extensive experience, achievements, and insight from his career in the management of a global corporate group, including having served as Executive Vice President of DENSO Corporation, Mr. Miyaki has played an appropriate role as an Outside Director in advising BIL's management, supervising its execution of operations, etc. by actively speaking at the Board of Directors meetings from a standpoint and perspective independent of BIL's management. In addition, as a member of the Nomination Committee and the Compensation Committee, he attended meetings of these committees and actively presented his opinions.

*1 The number of Board of Directors meetings held after he became Outside Director in June 2021.

Effectiveness of the Board of Directors

Conducting Evaluation on the Effectiveness of the Board of Directors

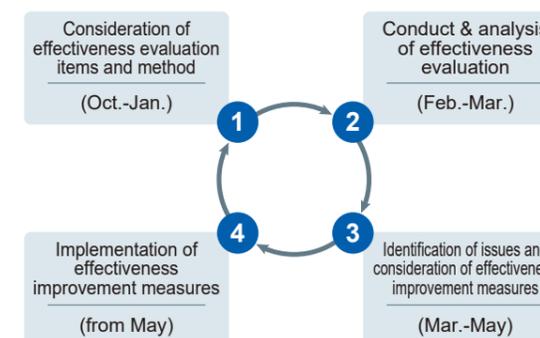
At BIL, respective Directors and Auditors evaluate the effectiveness of the Board of Directors every year and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary of its results in a timely and appropriate manner.

The evaluation of the Board of Directors for FY2021 was conducted in February 2022 by having all Directors and Corporate Auditors answer a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the Board of Directors
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc.
- Previous fiscal year's issues and results of measures

Process for Evaluation of the Effectiveness of the Board of Directors

To guarantee objective analysis, the consolidation of the survey and analysis of results are tasked to external consultants. The Board of Directors' secretariat conducts analysis using the consolidated data. A cycle is then implemented whereby analysis results, improvement measures, and other information is reported to and discussed by the Board of Directors, improvement measures are implemented, and then re-evaluation takes place in the following year.



- ① Design of questions for measuring effectiveness of the Board of Directors together with external consultants taking into consideration factors such as social trends related to corporate governance.
- ② Evaluation regarding the effectiveness of the Board of Directors is conducted using a survey method for all Directors and Corporate Auditors. The survey's consolidation and analysis of results are tasked to external consultants. The survey response rate for FY2021 was 100%.

③ The results of the survey are analyzed together with external consultants, identifying issues and proposing improvement measures to improve the effectiveness of the Board of Directors. The analysis results, improvement measures, and other matters are reported to the Board of Directors and discussed.

④ After discussion by the Board of Directors, measures are implemented to improve the effectiveness of the Board of Directors. The effects of these efforts are confirmed by the Directors and Corporate Auditors during the following fiscal year's effectiveness evaluation survey.

Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the Board of Directors held in May 2022, the evaluation results were discussed, and it was confirmed that BIL's Board of Directors functioned effectively in general. At the same time, through the evaluation of the Board of Directors, opinions were raised regarding requests and room for improvement in the following areas:

- Add measures to actively implement discussions regarding the business portfolio, capital costs, and digital transformation
- Expand and enhance the scope of discussions regarding sustainable management
- Further improve the quality of Board meeting materials to ensure appropriate discussion by Directors
- Continuously provide opportunities for Directors to obtain knowledge in order to fulfill their roles

The Board of Directors will continue to improve the Board's effectiveness taking into consideration these opinions.

State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the Board of Directors in February 2021 confirmed that BIL's Board was functioning effectively overall. However, the issues below were pointed out and the following measures were taken in FY2021.

Issues pointed out	Measures taken
Need to further expand opportunities for Directors to obtain knowledge	Implemented Directors' training
Need to strengthen discussions regarding business portfolio, capital cost, sustainable management, and digital transformation during medium-term strategy deliberations	Deliberated sustainable management and digital transformation at Board of Directors' meetings Enhanced discussions regarding medium-term business strategy formulation at Board of Directors' meetings
Need to appropriately share information about the details of discussions at the Nomination Committee and Compensation Committee	Explained points that were discussed in the Compensation Committee and Nomination Committee, at Board of Directors' meetings

Corporate Governance

Officer Remuneration

Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial human resources from inside and outside the Company and serves the purpose of sustainably increasing corporate value and has adopted a policy of paying remuneration at appropriate levels according to job responsibilities and performance. Effective from the current fiscal year, we have revised the details of the performance-based and stock-based remuneration plans with the aim of continuously improving our corporate value.

The Company's Director remuneration is composed of the following:

Type of remuneration	Eligible individuals	Details of remuneration
Basic remuneration	All Directors	A fixed amount of remuneration paid to all Directors
Annual bonuses	Full-time Directors who concurrently serve as Executive Officers	Monetary remuneration linked to business performance in the relevant fiscal year only paid
Stock-based remuneration	Directors other than Outside Directors and part-time Directors	Stock-based remuneration linked to medium-term business performance and other factors paid (in cases where an eligible Director is a non-resident of Japan, alternative compensation is paid in the form of money)

Full-time Directors who do not concurrently serve as executive Directors (excluding Outside Directors) are paid only basic remuneration and stock-based remuneration. Outside Directors and part-time Directors are paid only basic remuneration.

Objectivity and transparency regarding the amounts and calculation methods of all forms of Director remuneration are insured by specifying them in detail in the Company's Director Remuneration Rules and Share Grant Rules (collectively referred to as the "Director Remuneration Rules etc."). Revisions to the Director Remuneration Rules etc. require deliberation by the Compensation Committee and a resolution by the Board of Directors.

Remuneration paid to the Company's Corporate Auditors comprises only basic remuneration, which is fixed-amount remuneration, and is prescribed in the Corporate Auditor Remuneration Rules established by the Audit & Supervisory Board.

Amounts and Calculation Methods of Officer Remuneration <Basic remuneration>

Basic remuneration paid to Directors and Corporate Auditors is a fixed amount of remuneration and is determined corresponding to their positions and job responsibilities within a remuneration limit approved by the General Meeting of Shareholders. Basic remuneration paid to Directors and Corporate Auditors is limited to 400 million yen per year and 140 million yen per year respectively.

<Annual bonuses>

Annual bonuses paid to full-time Directors who concurrently serve as Executive Officers are limited to 0.4% of the amount of consolidated profit (profit for the period attributable to owners of the parent company) for each fiscal year and paid based on reports of the Compensation Committee and resolutions of the Board of Directors.

Annual bonuses are calculated using the calculation method specified below. However, the total amount of annual bonuses in each fiscal year is limited to 0.4% of the amount of consolidated profit for the relevant period. If as a result of the following calculation, the total payment amount exceeds this limit, the amount is adjusted to within the limit.

Note: In this section, "revenue" refers to consolidated revenue and "profit for the period" refers to profit for the period attributable to owners of the parent company.

 Corporate Governance Structure Officer Remuneration (Annual bonus calculation method)

<https://global.brother/en/sustainability/governance/structure#s03>

<Stock-based remuneration>

Stock-based remuneration is variable remuneration linked to the degree of attainment of medium-term strategies and so on and the degree of increase in shareholder value in order to provide incentives to contribute to enhancing the Company's corporate value over the medium to long term. Stock-based remuneration makes use of a share grant trust mechanism whereby shares and other securities are granted to Directors eligible (excluding Outside Directors, part-time Directors, and Directors who are non-residents of Japan) for payment using a trust to which the Company contributes funds.

 Corporate Governance Structure Officer Remuneration (Method of calculating shares, etc. to be delivered as stock-based remuneration)

<https://global.brother/en/sustainability/governance/structure#s03>

<The composition ratio of individual remuneration, etc. for each type of remuneration>

The composition of remuneration for each full-time Director who concurrently serves as an Executive Officer is as follows when actual values are in agreement with the short-term performance target, which is an indicator for the annual bonus, and the medium-term performance target, which is an indicator for stock-based remuneration. Basic remuneration (fixed) : Annual bonus (performance-based) : Stock-based remuneration (performance-based) = Approximately 5:3:2

The composition of remuneration for each full-time Director who does not concurrently serve as an Executive Officer is as follows when actual values are in agreement with the medium-term performance target, which is an indicator for stock-based remuneration. Basic remuneration (fixed) : Stock-based remuneration (performance-based) = Approximately 3:1

<Clawback and Malus clause>

With regard to annual bonuses and stock-based remuneration, in cases in which a Director engaged in non-conforming conduct, accounting irregularities, or the like, the Company may demand that the Director return all or part of remuneration previously paid pursuant to a recommendation by the Compensation Committee and a decision of the Board of Directors.

The Compensation Committee's activities in the course of determining the amount of officer compensation

The Compensation Committee verifies the appropriateness of remuneration, etc. by position and type of Director and the total remuneration level while making reference to objective remuneration level data from external research organizations on a regular basis each year.

As part of these activities, the Compensation Committee deliberated on the agenda items indicated below in FY2021:

- **May 7, 2021** **Revision of the annual bonus assessment method for Executive Officers Performance-based remuneration**
- **August 3, 2021** **Review of the officer remuneration system**
- **November 8, 2021** **Officer remuneration policies and specific system design (Officer remuneration) Officer annual bonus calculation formula**
- **November 29, 2021** **Officer remuneration level assessment, etc.**
- **December 21, 2021** **Officer remuneration level assessment, etc.**
- **February 1, 2022** **Outstanding issues concerning revision of the officer remuneration system**
- **March 1, 2022** **Additional proposals relating to the officer remuneration system**
- **March 29, 2022**

Board of Directors' activities in the course of determining the amount of officer compensation

The Board of Directors deliberated on and decided matters on officer remuneration for FY2021 as indicated below:

- **May 19, 2021** **Revision of the annual bonus assessment method for Executive Officers Performance-based remuneration**
- **June 23, 2021** **Allocation of stock options for the stock-based compensation plan and granting of phantom stock**
- **March 29, 2022** **Revision of the officer remuneration system**

Amounts of officer remuneration

(For one year from April 1, 2021 to March 31, 2022)

Categories	Number of officers receiving remuneration	Amount of remuneration (Millions of yen)	Total amount by type of remuneration		
			Basic remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Stock options for the stock-based compensation plan (Millions of yen)
Director (including Outside Directors)	14 (6)	463 (54)	248 (54)	147 (—)	67 (—)
Corporate Auditor (including Outside Auditors)	5 (3)	75 (26)	75 (26)	— (—)	— (—)
Total (including Outside Directors and Outside Auditors)	19 (9)	539 (80)	324 (80)	147 (—)	67 (—)

Notes:

1. The amount of remuneration paid to Directors does not include the employee salary portion for those employees who also serve as Directors.
2. The officers receiving remuneration shown in the table above includes three Directors (of which one was an Outside Director) who left their positions during FY2021.
3. The remuneration paid to Directors in FY2021 was calculated and paid based on the previous "policy on determining remuneration for individual Directors" that was set at the Board of Directors meeting held in March 2021. For the details of the policy, please see the Company's 130th Securities Report on pages 73 to 75.

 Annual Securities Report for the 130th Term

<https://download.brother.com/pub/com/investor/annual-securities/pdf/2022/2021-asr.pdf>

Cross-shareholdings

BIL holds shares of other listed companies when building good business relationships with such companies is considered likely to contribute to improvement of its corporate value over the medium to long-term (hereafter referred to as "cross-shareholdings").

The Board of Directors examines the appropriateness of its individual cross-shareholdings on an annual basis and expedites reduction of holdings determined deficient in meaning. In November 2021, the Board of Directors decided to continue to hold each share since the rationale for cross-shareholdings was confirmed after the examination of the purpose of holding, dividend yield and market value, and other benefits and risks for each individual share.

BIL generally exercises its voting rights related to its cross-shareholdings. BIL approves an agenda after carefully examining its details, except when it may potentially harm Brother's medium to long-term economic interest and when it is obvious that the shareholder value will be damaged such as by antisocial acts by listed companies or the management of listed companies.

Outside Directors Round Table

Enhancing Brother's Corporate Value

At Brother Industries, Ltd., we strive to enrich discussion at Board of Directors meetings and improve the transparency of decision-making on management through advice backed by the objective viewpoints and diverse experience of Outside Directors. Our five Outside Directors discussed the effectiveness of the Board of Directors and the challenges and their expectations for future growth.



Expertise of Outside Directors and their role in enhancing Brother's corporate value

Takeuchi : If I had to choose from my past experience, I would say that having done business in various regions domestically and internationally, having a lot of experience in the B2B field, and having a wealth of experience and knowledge in top management as well as a track record of growing non-core businesses and establishing business foundations will help Brother enhance its corporate value.

Shirai : I have worked in politics for 16 years. While political decisions are made by majority vote, during the discussion process, it is important to listen to a wide range of opinions, especially the opinions of those without a voice. I believe it is important for corporate management to be accountable, not only to specific stakeholders, but also to local communities and the natural environment.

Uchida : From working at a business company, I became a management consultant, taking on management responsibilities. After that, I taught at a business school at university. The function of monitoring a Board of Directors has two aspects: the brake and the accelerator. Of the two, I would prefer to play the accelerator role to the best of my ability.

Hidaka : I have worked outside Japan for a total of 14 years, mostly in the steel products business unit of a general trading company. My professional experience also includes setting up new business sites, selling businesses, and mergers and acquisitions. The extensive network I have forged both inside and outside Japan, as well as my experience as an executive board member in the context of evolving governance reforms, help me fulfill my duties as an Outside Director.

Miyaki : I am proud to have been involved in the development of fuel injection systems at an auto parts manufacturer and to have raised them to a global standard. At the same time, there are many failures and hardships in production and sales, and I experience the challenges of creating products that generate customer satisfaction and profits. It is my hope to use my experience and knowledge as an engineer to contribute to Brother's manufacturing.

Current efforts and future improvements to increase the effectiveness of the Board of Directors

Q1. Are there any issues regarding the appropriateness of agenda items brought before the Board of Directors or the advance provision of information?

Takeuchi : I do believe that the agenda items are generally appropriate, but I think that more time needs to be devoted to discussion aimed at enhancing long-term corporate value. Also, because the presenters making the presentations try to report carefully and in detail, discussion among Directors also tends to lapse into the details at the level of the person in charge. I think there is room for creativity regarding the materials and presentations, being aware of what to communicate and what kind of advice the presenter is wanting. On the other hand, I feel that the provision of information is becoming more appropriate since Outside Directors are now able to do more such as observe management meetings.



Uchida : In every company, there exists an information asymmetry between Internal Directors and Outside Directors. If Outside Directors have too much information, opinions will become homogenized. Conversely, if they have too little, Directors will debate on different planes. A delicate degree of discretion is needed, and in this regard, Brother is very well balanced. Rather than having to go via the secretariat, we can hear directly from the Director in charge or from the relevant department manager in advance, so we are able to attend Board of Directors meetings with our questions already clarified. On the other hand, sometimes the same background information is repeated at Board of Directors meetings, so further efforts for improvement are needed.

Hidaka : In a general sense, discussions at Board of Directors meetings have changed dramatically over the past five years. The main objective of meetings used to be for submitting large projects to the Board of Directors for approval, so most of our time was spent on detailed risk analysis and so on. Nowadays, it is necessary for the authority for making decisions to be delegated to Executive Officers and to have fundamental discussion on what Brother should be doing in the medium to long term and on how personnel, materials and money should be allocated. Directors-both Internal and Outside-need to have this grounding. Last fiscal year, I was involved in discussion on the medium-term business strategy from the drafting stage. I feel this enabled me to have substantive discussions with executives in the creation process.

Q2. How would you assess the discussion undertaken at Board of Directors meetings? Are there any issues?

Shirai : When discussing important matters at Board of Directors meetings, the chair and Internal Directors listen sincerely and attentively to what we Outside Directors have to say. On the other hand, while the board is receptive to the various comments cast by Outside Directors, it is frustrating that remarks are not reciprocated enough from Internal Directors to Outside Directors. My frank impression is that we are not yet at a point where conclusions are reached after an exchange of ideas and opinions.

Hidaka : I also think it would be better to have more interactive discussions at Board of Directors meetings. I feel that, sometimes, Outside Directors are not on point, and I would like it if this were pointed out. It would be nice if we could have more frank discussions.

Takeuchi : The way I see it is that there is adequate communication regarding important decisions and the Board of Directors is running smoothly. However, I think there needs to be more in-depth debate and more time allocated to discussing long-term business strategies with an eye to the future, even if it means having fewer agenda items.

Q3. Regarding the functions of the arbitrary Nomination Committee and Compensation Committee, in your capacity as the committee Chairperson, how would you assess those functions from the perspective of improving the effectiveness of the Board of Directors? Do you have any suggestions for improvement?

Takeuchi : Five years ago, when I was appointed as an Outside Director of Brother, there was not much discussion about the training of successors for top management, but during the last two years, there has been a priority focus on succession planning for managing executives. The committee discusses in detail what kind of person is most suited to be the next President and who would be a good candidate. Since companies are enduring entities, there needs to be a long-term succession plan that includes the next two generations, and we keep an eye on this aspect as well. We are also keenly aware of the challenges of promoting foreign nationals and women and the internal/external composition of our Board of Directors.

Uchida : The Compensation Committee met eight times last fiscal year as we discussed revisions to the compensation system. Although enthusiastic discussion ranged from philosophy to remuneration tables, I get the impression that the discussion was a little too detailed. My own personal opinion is that the high priority now for Brother is what to do about the next generation of managing executives, including the Chairperson, and how to nurture the next generation of Directors and Executive Officers. This is, in fact,

what the Nomination Committee has been making time to discuss. Of greater importance is Brother's growth strategy, and I would like to see the resources of Outside Directors used more for this discussion.



Q4. What is your view of the reasons for, and the effects of, the recent revisions of the officer remuneration system?

Shirai : The purpose of the recent revisions is to clearly indicate the appropriateness of compensation relative to short-term performance and medium-term targets, and to link it more closely with the enhancement of shareholder value. For example, a revision regarding the reduction of CO₂ emissions-one of Brother's medium-term targets-I supported the idea of using the achievement of this target as a lever to create new businesses and reform Brother's business model.

Outside Directors Round Table

Hidaka : In my assessment, changing from a traditional target-based¹ model to a profit-sharing² model achieved a certain level of success. On the other hand, because of the emphasis on transparency and fairness, I feel that some aspects have become difficult to understand. If single-year incentives are too strong, we tend to be short-term oriented, and reforms may be pushed back. Given this, I would like to continue discussing ways to strengthen medium-term and long-term incentives to encourage growth investments for the future.

¹ System in which a certain percentage of profits, such as net income, is distributed

² System in which compensation is linked to the company's performance targets and the amount of compensation is determined according to their degree of achievement

Miyaki : Upon my appointment as an Outside Director one year ago, I joined discussions in the Compensation Committee and was surprised at the depth of detail being discussed. While I agree with clarifying one-year and three-year performance-linked benchmarks, I fear that an excessive focus on numerical targets will stop anyone from doing things that will not see the light of day for the next five years but are absolutely necessary for the future. I believe that both perspectives are essential, that is, parts that should be explained in terms of actual figures and qualitative evaluation of strategic moves for the future.

Discussion at Board of Directors meetings for management strategy and challenges for realizing the long-term vision

Q1. What was discussed at Board of Directors meetings regarding the medium-term business strategy, CS B2024?

Hidaka : A draft of "CS B2024" prepared by executives was presented to the Board of Directors in the early stages, and extensive discussions were held, including on the setting of quantitative targets. One of the sticking points was performance targets. Rising inflation and heightened geopolitical risks made determining cost increases difficult, and in the early stages, the executives struggled to set targets for the final year of the medium-term plan. However, I suggested that the target value might be too low and that the forecast and target were different, and after much discussion, the targets were set. Consistent with

the concept of incentive compensation, I believe that medium-term plan targets should not be necessarily attainable. Even if ambitious targets are not met, though, the effort should be recognized to a certain extent as long as it leads to the next stage of growth. While I do not support the proposal of unreasonable targets, sometimes reasonably ambitious targets are necessary for growth. I hope to continue discussing this idea.



Takeuchi : I think the discussion process was very good because Outside Directors could participate in formulating the strategy over the course of nearly a year. During discussions, I repeatedly raised the point of creating and nurturing new businesses while the current business areas remain the backbone of the company. Although Brother is still firmly committed to assigning human resources and developing new business areas, it is important that it further enhances the mindset of taking on new challenges, which has long been a part of Brother, and strives to achieve results with a sense of speed. Whenever possible, we will continue to offer advice based on our experience and knowledge.

Uchida : Plenty of time was spent discussing the medium-term business strategy, but I think it would have been better for Outside Directors to be involved in two stages: once when input requirements are identified before the strategy is drafted, and once when evaluating it against outputs. I think that more important than the medium-term business strategy is how to realize the vision.

Q2. How will the identified materialities be monitored?

Miyaki : There was good discussion during the process of identifying the materialities, but I feel that not quite enough time was spent setting detailed KPIs for monitoring. Determining the materialities is not the end point. I think there needs to be ongoing discussion, including on how to revise the monitoring indicators and how to manage progress.

Shirai : I see the identification of materialities as a declaration that Brother is taking on the challenge of non-financial targets that are difficult to visualize. Since some materialities do not lend themselves to clear numerical targets, I think that efforts are needed to ensure accountability, for example, by entrusting evaluation of their progress to third parties. I recognize that we are just at the starting line of this.

Hidaka : It is very important that Brother works to resolve materialities in order to sustainably create social and economic value. At the same time, how does Brother get more employees to understand the importance of this? How does it generate acceptance and imprint it into the organizational culture? I feel it is important that every effort must first be made to gain widespread acceptance within the company, and then to monitor progress.

Q3. What do you see as the most important challenges to realizing the "At your side 2030" vision? How do you hope to contribute to realization of this vision?

Takeuchi : I think it is about whether or not Brother can put its basic philosophy "At your side." into practice. By putting more effort into B2B businesses in the future, Brother must gain a deeper understanding of what customers are struggling with at their production sites and must respond properly to those demands. I hope to draw on my experience to make meaningful proposals to meet those demands with the expansion of B2B businesses, especially in the area of industry, as well as to further deepen globalization, develop new businesses, and reinforce business foundations.

Shirai : In order to realize this vision, I believe it is essential for each employee to think about the vision as their own future, and to improve internal communication and establish connections with customers. Gender equality is a major issue in Japanese society, and Brother is no exception. So that more women can participate in the decision-making process, I also believe it is my duty to promote diversity, equity, and inclusion (DE&I) and to empower women and support their success.



Uchida : Another option for realizing the vision is to seek outside help and boldly pursue mergers and acquisitions (M&A). If Brother wants to dramatically increase sales in the industrial field, it should also consider more aggressive methods, and must always question whether organic growth is really the best approach. Brother should invest more and put effort into developing new business fields, but since it is cautious in many respects, I intend to encourage managing executives from an external point of view to actively invest and develop new business fields.

Hidaka : Shifting to the industrial field and pioneering new offerings in printing are key to the vision. Brother's strategy for expanding its industrial field is clear, so it is up to how Brother executes it. Drawing on my experience in the B2B sector, I hope to take an active role in supporting Brother's growth. On the other hand, I get the impression that the next developments in printing are yet to be imagined. Assuming that more and more people go paperless as digitalization progresses, I hope to show more specifically what kind of role Brother will play in this area.

Miyaki : In the absence of any major changes in the environment, I believe that Brother can achieve its goal of doubling the sales revenue in the industrial field over the next eight years. I think the biggest challenge, though, will be responding to unexpected geopolitical risks. Brother should not expect that current market assumptions will be the same in eight years' time. Instead, it

should take into account the possibility of a situation that, although unlikely, could be very serious if it were to happen. As an engineer, my motto is to create things that are good. I will encourage Brother to also adopt a policy of not making products that cause inconvenience or evil in the world, no matter the times, as a standard for making decisions.

Q4. What themes should be discussed at future Board of Directors meetings in order to enhance Brother's corporate value?

Uchida : The growth strategy is what needs to be discussed in depth. It is most important to discuss what Brother should do to grow in the long term.

Miyaki : It is very important to discuss what to do with the business portfolio in the future. On the other hand, since any superficial consideration of new businesses and M&A will not lead to deeper discussion, I would like to take time to ask the engineering team responsible for Brother's future what they want to create and what they are capable of creating. Another topic for discussion is the way employees work. Over the past decade, Japan's manufacturing industry has not been able to create world-first products, and we have lost our competitive advantage in many industrial sectors. I think another important theme is how to manage human resources in a way that is neither just keeping up with the crowd nor across-the-board, including the question of how to reward employees who want to take on more challenges and want to work harder.



Shirai : Brother's long history has been built up by our predecessors who continued to engage in manufacturing while pursuing Brother's raison d'être. Another very important theme for discussion is how to promote this DNA by passing it on to the generation that will lead Brother into the future. Other themes I think should also be discussed as we move toward the era of the 100-year life include the way employees work at Brother, the approach we take toward work, and the nature of the company and the individual. To grasp the needs of diverse employees, the relationship between the company and the individual must also be reevaluated. This is another point I would like to discuss in depth.

Risk Management

Approach to Risk Management

The Brother Group aims for sustainable growth and strives to be a company that is trusted by all its stakeholders. We have now formulated a new Group Vision "At Your Side 2030." Through recognizing that risks may hinder the creation of customer value and conducting appropriate risk management, we aim to enhance our ability to realize the Group Vision.

As the Group develops multiple businesses globally, we recognize that there is a high level of complexity and uncertainty in the global environment due to global economic effects and geopolitical factors. Furthermore, due to the acceleration of changes in the business environment arising from the global spread of COVID-19, there is a greater need than ever to appropriately recognize and respond to the risks surrounding the Group. We constantly recognize and respond to risks relating to compliance, product safety, export control, information management, environmental laws, safety and health, disaster prevention, and the supply chain. Together with strengthening business continuity in times of crisis and re-examining structures for lasting value creation, we will aim to recognize and respond to risks with an even more medium- to long-term strategic perspective than before.

Risk Management Promotion System

The Brother Group has established the Risk Management Committee chaired by the Representative Director & President. We have also formulated a comprehensive risk management system based on the Brother Group's Risk Management Regulations with the aim of reducing risks that are likely to have a serious impact on the Group's management. Each organization and subsidiary within the Group understands the risks and their probability of occurrence and makes efforts to manage risks by implementing measures for avoiding or reducing the impact of risks. Systems are in place for regularly reporting the status of such implementation to the Board of Directors.

The Risk Management Committee meets regularly once

every six months. However, we have created an emergency risk management system for responding swiftly to the occurrence of a serious risk event in which the Chairman will urgently convene an extraordinary meeting of the Risk Management Committee. When COVID-19 arose, the Committee responded in the early stage of occurrence overseas by urging caution in the whole Brother Group and promptly establishing a countermeasures headquarters. In addition, we have established dedicated committees with respect to individual risks, including compliance, security trade, product liability, information management, safety, health, disaster prevention, environmental laws and regulations, and supply chain, as subcommittees under the Risk Management Committee. With the Representative Director & President (or a designated executive officer) in charge, they make up a risk management system that understands and diminishes risks as well as responds when risks are apparent. In particular, for product safety, we have established Basic Product Liability Policies and voluntary product safety action plans to provide safer products to customers.

Clarification of Evaluation and Responses

We have created systems for evaluating and responding to business risks focused on persons in charge of risk management in each department as well as each Group subsidiary. In addition, the Risk Management Committee manages evaluation and the status of response to material risks concerning the Group as a whole. Specifically, the Committee conducts reviews of risk matters in each fiscal year and gives instructions for preparing risk evaluation sheets to each Group organization and facility. By aggregating the results of the risk evaluation sheets, evaluating the risks according to the level of impact and likelihood of occurrence, and calculating the weight of each risk, the Committee identifies the Group's critical risks. It then gives instructions to each person in charge of risks for responding to and monitoring each of the risks.

Material Risks and Their Countermeasures

Item	Main Risks	Countermeasures
Risks related to international affairs	<ul style="list-style-type: none"> US and China trade friction Ukraine crisis 	<ul style="list-style-type: none"> Review pricing strategies in cooperation with US subsidiaries and minimize impact of additional duties by close examination of country of origin of consumables and other measures Constantly gather information on trends in a wide range of international situations, including economic sanctions implemented by the U.S., U.K., EU, Japanese government, and other countries, and make decisions according to the circumstances.
Contraction of the printing market	<ul style="list-style-type: none"> Contraction of the printing market due to reduced printing on paper 	<ul style="list-style-type: none"> Expand business that continuously connects with customers while strengthening profitability through accelerated transformation of the business model, including expansion of contract-based services to meet the changing needs of the market Expand the commercial & industrial labeling business
Competition among companies	<ul style="list-style-type: none"> Increasing competition in the market due to the rise of new manufacturers in China and other parts of Asia 	<ul style="list-style-type: none"> Implement initiatives for providing products and services that realize customer value in each market Build a speedy and cost-competitive business management base Promote circular economy business from a sustainability perspective
Changed global economic situation	<ul style="list-style-type: none"> Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy 	<ul style="list-style-type: none"> Enhance development, production, sales and marketing, and after-sales service and maintenance

	Item	Main Risks	Countermeasures
Supply chain	Supply chain interruption	<ul style="list-style-type: none"> Supply chain interruption due to difficulty procuring parts and materials and logistics disruption arising from increase in infectious disease, large-scale disasters, geopolitical risks, etc. 	<ul style="list-style-type: none"> Respond by production in multiple facilities, especially of consumables Have backup production facilities and hold parts inventories Strategically examine parts suppliers and their upstream suppliers Secure inventory storage space and multiplex ports in use Implement fire prevention and disaster prevention measures in each production facility Review inventory standards at sales locations to prevent shortages
	CSR procurement	<ul style="list-style-type: none"> Violation of human rights of workers in the supply chain Loss of trust due to use of conflict minerals products 	<ul style="list-style-type: none"> Formulate CSR procurement policies and conduct briefings for business partners Enhance systems for risk evaluation and correction in the supply chain by joining the Responsible Business Alliance (RBA) Formulate a Conflict Minerals Response Policy and request compliance by business partners
	Risks related to parts and materials	<ul style="list-style-type: none"> Difficulty procuring parts and materials Parts and materials price hikes 	<ul style="list-style-type: none"> Secure parts through long-term parts arrangements, review suppliers, and consider alternatives due to product redesigns Reflect price hike risks in management plans
	Quality, product liability	<ul style="list-style-type: none"> Market quality problems PL problems 	<ul style="list-style-type: none"> Manufacture products under strict quality control standards Take countermeasures for controlling expansion of damage when incidents occur
Laws and regulations	Compliance in general	<ul style="list-style-type: none"> Accounting fraud, misappropriation Unfair trade practices (competition law violation) Harassment Quality irregularity 	<ul style="list-style-type: none"> Establish employee conduct standards through the Codes of Practice in the Global Charter and carry out dissemination activities Establish Compliance Committee and consultation centers
	Tax systems	<ul style="list-style-type: none"> Increase in tax burden due to additional tax and international double taxation 	<ul style="list-style-type: none"> Respond through cooperation with external experts Communicate with tax authorities Use advance pricing agreements (APA)
Environment	Demands related to the environment	<ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives Based on the TCFD recommendations, analyze the financial impacts of climate change, and implement appropriate countermeasures and information disclosure Establish 2030 medium-term targets for resource efficiency improvement and engage in related improvement
	Environmental regulation, environmental pollution	<ul style="list-style-type: none"> Environmental regulation, environmental pollution 	<ul style="list-style-type: none"> Comply with laws and regulations on prohibited chemical substances and controlled chemical substances in accordance with the establishment of the Brother Group Green Procurement Standards Gather information on environmental laws and regulations in each country and region of the world and take measures in cooperation with product design-related departments to reflect them in products
	Security trade control	<ul style="list-style-type: none"> Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control 	<ul style="list-style-type: none"> Maintain systems for proper compliance with laws and regulations Strengthen the security trade control system for the whole Brother Group Restructure the security trade control system for greater effectiveness
Information systems	Information security	<ul style="list-style-type: none"> External attacks on information systems, product information security 	<ul style="list-style-type: none"> Develop information security operating rules in accordance with the Information Management Regulation, enhance management systems, and conduct internal education and training Develop a basic policy on product information security and implement activities for improving product security in the whole Brother Group
	Information networks	<ul style="list-style-type: none"> Leakage of confidential information and personal information 	<ul style="list-style-type: none"> Implement security countermeasures based on multi-layered defense against unexpected intrusion or attacks from outside Conduct organizational training on prepared responses to occurrence of internal incidents
Human resources	Occupational injuries, casualties	<ul style="list-style-type: none"> Occupational injuries Casualties among employees due to disasters 	<ul style="list-style-type: none"> Horizontal development of information on causes of accidents that have occurred and measures for preventing recurrence Conduct safety and disaster prevention activities in each facility and check their status of implementation through factory inspections
	Securing human resources	<ul style="list-style-type: none"> Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel 	<ul style="list-style-type: none"> Promote evolution of personnel systems and make continual improvements to the workplace environment Develop succession plans for key personnel Implement activities for maintaining and improving the brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter
	M&A (impairment risk)	<ul style="list-style-type: none"> Expected investment effects not obtained Delays in business integration (post-merger integration) Impairment of Domino goodwill and fixed assets 	<ul style="list-style-type: none"> Introduce new products and strengthen the customer base in the Domino Business as a priority strategy in the current Medium-Term Business Strategy "CS B2024." Check the asset value of goodwill and record an appropriate estimated value at least once a year
	Currency exchange risks	<ul style="list-style-type: none"> Sales reduction and cost increase due to currency rate fluctuations 	<ul style="list-style-type: none"> Increase the rate of linking of receipts and payments in foreign currency denominated transactions Implement forward exchange contract transactions
	Intellectual property	<ul style="list-style-type: none"> License-related disputes Infringement by third parties, production and sale of counterfeit products Employee invention disputes 	<ul style="list-style-type: none"> Use patent licenses held in business activities Take defense and settlement countermeasures in infringement lawsuits by third parties Exercise intellectual property rights against infringement by third parties Implement appropriate incentives for inventors based on invention incentive rules
	COVID-19	<ul style="list-style-type: none"> Suspension of economic activities due to expansion of COVID-19 	<ul style="list-style-type: none"> Continue business activities through implementation of thorough infection prevention measures

Compliance

Approach to Compliance

The Brother Group considers compliance with laws and ethics is indispensable for upholding the foundation of its management with an emphasis on sustainability and avoiding various risks. To ensure compliance on a Group basis, we set up our standards for employee behavior based on one of the Codes of Practice of the Brother Group Global Charter, Ethics and Morality; and the Brother Group Principles of Social Responsibility, which clearly define our corporate social responsibility and guide us to fulfill it.

Compliance promotion structure

Brother Industries, Ltd. (BIL) established the Compliance Committee and set up the Employee Helpline for Compliance Issues to prevent violations, take prompt action in the event of a violation, and prevent reoccurrences thereof. In addition, each Group company, including international affiliates, has established their own employee helplines.

When a compliance risk that greatly affects the management of the Brother Group arises or is expected to arise, the respective Group company will report it to the BIL Compliance Committee in a timely manner for consultation to determine the response policy, thereby establishing a system for prompt Group-wide responses. Furthermore, BIL has established the internal Employee Helpline for Harassment Issues to address harassment behavior and the Quality Compliance Helpline with the aim of preventing quality compliance violations.

Brother Group Global Policy for the Helpline for Compliance Issues

For the purpose of developing a mechanism to ensure that each group company receives and deals with inquiries and reports internally and thereby improves the company's ability to govern itself and mitigates reputational risks or the like (such risks may be caused by reporting outside the company), the Brother Group has established a contact point to receive inquiries and reports related to compliance and has established and operates the Operation Standards of Helpline for Compliance as regulations of the Brother Group.

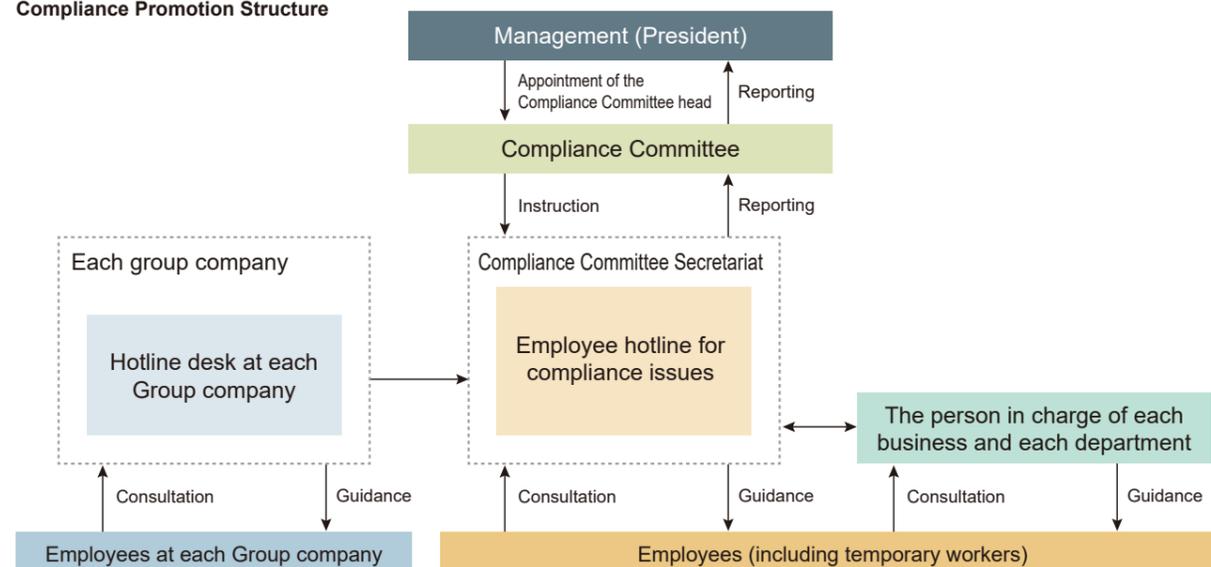
In addition, inquiries and reports received by Group companies are regularly reported to the Secretariat of the BIL Compliance Committee to centralize information and thereby implement control related to compliance across the entire Brother Group. Particularly, inquiries and reports that are likely to greatly affect the management of the Group will be reported to the Secretariat of the BIL Compliance Committee by each Group company when the primary investigation is commenced and also when the investigation is completed.

	FY2020	FY2021
Number of cases handled by the Helpline for Compliance Issues	117	90
(Breakdown: BIL)	9	11
(Breakdown: domestic Group companies)	61	56
(Breakdown: international Group companies)	47	23

[Global Policy for Helpline for Compliance Issues](#)

<https://global.brother/en/sustainability/governance/compliance>

Compliance Promotion Structure



Approaches to Raising Employees' Awareness of Compliance among the Brother Group Companies

Compliance Handbook and Card

With the aim of raising employees' awareness of compliance and ethics, we have issued the Compliance Handbook (handbook) and distributed it to employees in BIL and Group companies in Japan.

The handbook, composed of compliance codes of conduct, case examples, and quiz-based learning sections, encourages employees to think and learn on their own. We also distribute the Compliance Card to Group company employees within and outside Japan, which helps them decide what action to take when they are unsure about what is the right thing to do in their daily life. This card also includes contact information for the Helpline for Compliance Issues.

Compliance Education

In Japan, we provide employees with group training programs (orientation for new employees, periodic basic training, and a seminar for those who will be on an international assignment) and online training courses via our e-learning system. Outside Japan, meanwhile, we check the situation of education at our manufacturing facilities in China, Vietnam, the Philippines and elsewhere, and strive to reinforce education activities based on the check results.

In accordance with recent trends in laws and regulations, we also look into laws and regulations and promote education and awareness-raising activities for the respective Group companies in order to ensure compliance with each country's laws in areas such as bribery prevention and antimonopoly.

Brother Group Anti-Corruption Global Policy

The Brother Group is committed to complying with relevant laws and regulations in the countries and regions in which we operate in our Brother Group Code of Conduct.

Bribery and corruption are prohibited by the laws and regulations in most countries where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not engage in any form of corruption, extortion or embezzlement. However, in recent years, laws and regulations governing bribery and corruption have become increasingly stringent, and in consideration of such circumstances, we are implementing this policy to further promote our anti-corruption efforts.

[Anti-Corruption Global Policy](#)

<https://global.brother/en/sustainability/governance/compliance>

Anti-Corruption

In the "Brother Group Principles of Social Responsibility" and the "Brother Group Anti-Corruption Global Policy,"

Brother Group employees are prohibited from engaging in corruption or bribery. These policies are communicated to all Brother Group employees by posting on the external Brother Industries, Ltd. ("BIL") internet site and on the Brother Group intranet site.

In Japan, we engage in anti-corruption through measures such as distributing a handbook that introduces specific examples of bribery and entertainment to all of Brother Group companies in Japan and providing compliance trainings for new hires and employees who are assigned overseas in BIL, as well as some of the Brother Group subsidiaries in Japan.

In addition, we conduct individual online anti-bribery trainings for the management and staff for each of our companies in Japan.

In both FY2018 and FY2021, there were 0 (zero) employees who were fired or terminated for corrupt practices in Japan. The cost of fines or penalties related to corruption in Japan was 0 (zero) yen. In BIL, the total amount of political contributions made was also 0 (zero) yen.

In Asia, we introduced an anti-bribery checklist in FY2020 to be used by our sales facilities in Asia. This checklist requires our sales facilities to check various red flags for bribery when dealing with third parties such as distributors and consultants, checking for example, whether there is any conflict of interest, abnormal payment, or improper sales rebates between them. By utilizing the checklist, we work with our sales facilities in Asia to regularly check and monitor deals with third parties (especially government entities and their officials).

Since FY2021, we have been including anti-bribery articles in our major contracts to ensure that bribery remains strictly prohibited. We also conduct individual online anti-bribery trainings for the management and staff for each of our Asian companies.

In the Americas, our regional headquarters conducts online anti-bribery training sessions introducing examples of anti-bribery red flags for employees in the Americas.

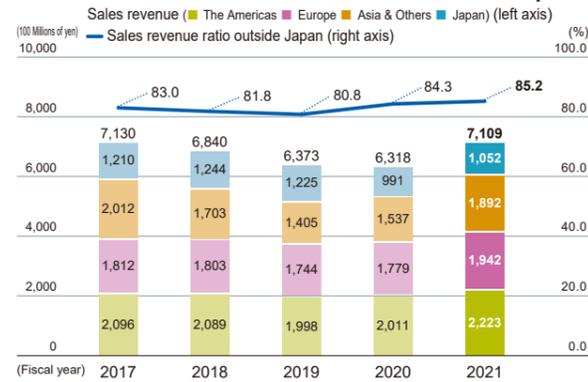
Furthermore, our regional headquarters in the Americas communicates its strong anti-corruption policy externally through inclusion of anti-corruption articles in international contracts with third parties such as new business partners and contractors outside of the United States. Our regional headquarters in the Americas also conducts anti-corruption screening for business partners that purchase from, sell to, or otherwise act on its behalf if those business partners are located outside of the United States.

In Europe, mainly the regional headquarters conducts training for employees on a regular basis, including online training, and includes anti-bribery articles in major contracts with third parties to ensure that bribery is strictly prohibited.

Financial and Non-Financial Highlights

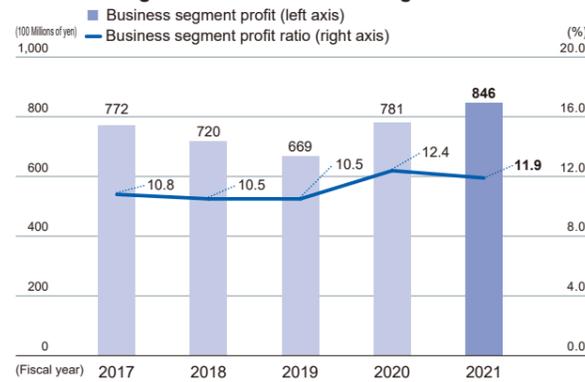
Financial Indicators

Sales Revenue / Sales Revenue Ratio Outside Japan



Revenue increased as a result of steady sales mainly in the Machinery Business and the P&S Business combined with a well-balanced regional mix and the positive impact of foreign exchange rates.

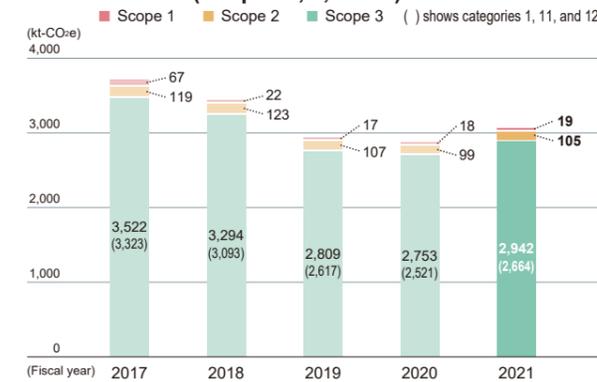
Business Segment Profit / Business Segment Profit Ratio



Despite a significant increase in logistics costs and parts and materials costs, profit increased due to higher gross profit mainly in the Machinery Business and the P&S Business.

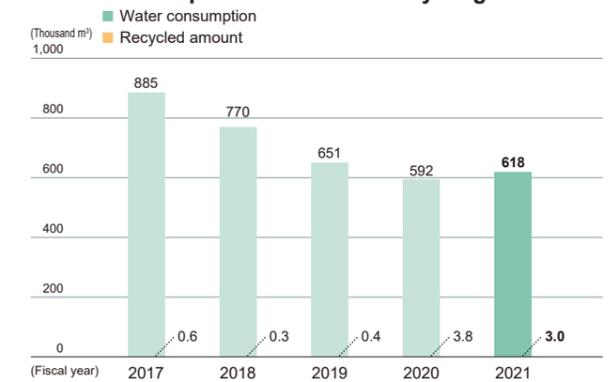
Non-financial Indicators

CO₂ Emissions (Scopes 1, 2, and 3)



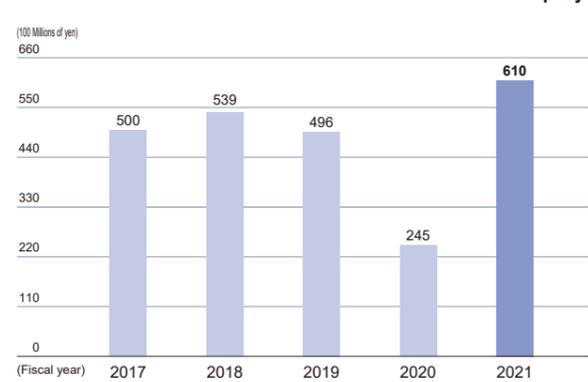
The FY2030 medium-term target for CO₂ emissions is 70,149t-CO₂e, a 65% reduction from FY2015 for Scopes 1 and 2, and 2,096,057t-CO₂e, a 30% reduction for Scope 3 (Categories 1, 11, 12).

Water Consumption / Amount of Recycling



In FY2021, the amount of water intake in the Brother Group's main business sites was 617,863m³ (the amount directly related to products), of which 2,978m³ was recycled.

Profit for the Period Attributable to Owners of the Parent Company



Profit was up substantially due to impairment losses on some of the goodwill in the Domino Business recorded in FY2020 no longer being relevant, in addition to an increase in each profit.

Capital Expenditure / Depreciation and Amortization



Capital expenditure increased due mainly to investment in new product molds in the P&S Business and reconstruction of domestic factories for strengthening BCP.

Amount of Production Waste / Amount of Recycling



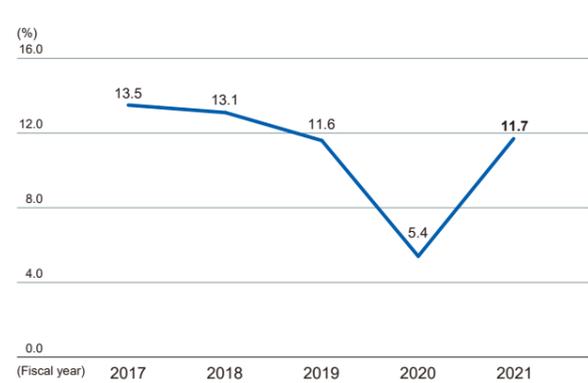
In FY2021, the amount of production waste directly related to products in the Brother Group's main business sites was 12,161t, of which 11,012t was recycled.

Percentage of Females in Senior Management



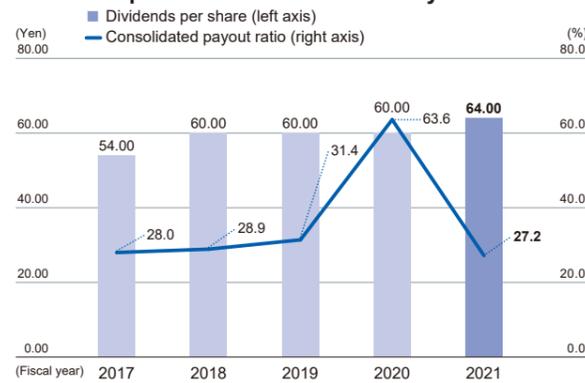
The number of female employees is 20% of the total. The number of female managers has steadily increased as a result of setting a target number of female managers in the Brother Industries Action Plan and implementing various measures to encourage career development.

ROE



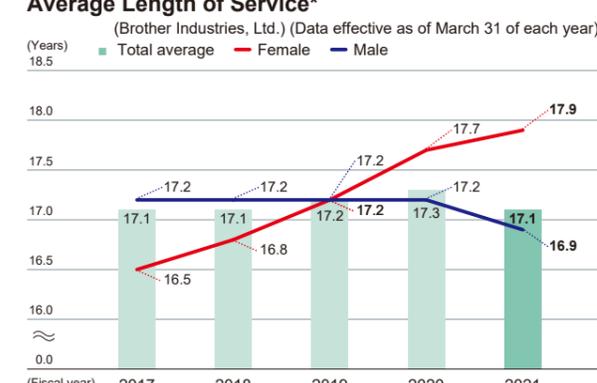
Dropped to 5.4% in FY2020 due to impairment losses on some of the goodwill in the Domino Business, but improved to a level of above 11% in FY2021.

Dividends per Share / Consolidated Payout Ratio



Put stable return of profits into practice. Amounted to 64 yen per share in FY2021, up 4 yen from the previous fiscal year.

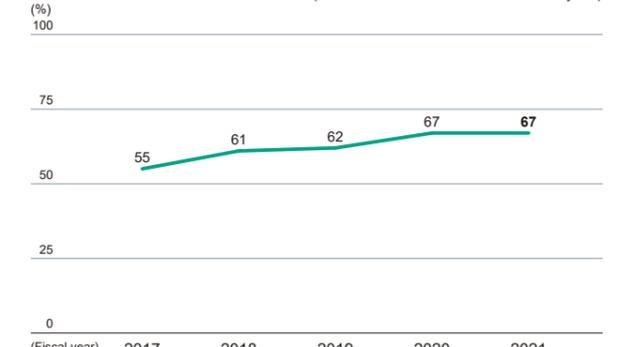
Average Length of Service*



The average length of service for male employees decreased due to an increase in the number of compulsory retirees, while the average length of service for female employees grew as a result of respect for diversity such as adoption of flexible work styles, and reduction of overtime hours.

* Does not include incoming seconded employees, temporary employees or fixed-term employees

Ratio of Local Executives to Total Local Employees in Overseas Subsidiaries*



Steady training and appointment of local executives.

* Local executives of Domino Printing Sciences PLC and affiliated companies are excluded because they are all foreign nationals.

11-Year Data

(Millions of yen)

	JGAAP					IFRS Reference Values		IFRS				
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Operating results												
Revenue / Net sales	497,390	516,066	616,834	707,237	745,888	682,119	641,185	712,997	683,972	637,259	631,812	710,938
Cost of sales	280,689	300,006	349,014	389,831	400,328	400,023	368,016	412,211	391,893	354,987	345,209	403,614
Gross profit	216,700	216,060	267,819	317,406	345,559	282,095	273,169	300,786	292,079	282,272	286,602	307,324
Selling, general, and administrative expenses	182,517	186,284	224,518	259,864	298,282	227,161	212,410	223,557	220,105	215,330	208,526	222,771
Business segment profit	—	—	—	—	—	54,934	60,759	77,229	71,973	66,942	78,076	84,552
Business segment profit ratio (%)	—	—	—	—	—	8.1	9.5	10.8	10.5	10.5	12.4	11.9
Operating profit	34,183	29,775	43,301	57,541	47,276	58,640	59,152	68,672	71,925	67,329	42,731	85,501
Operating profit ratio (%)	6.9	5.8	7.0	8.1	6.3	8.6	9.2	9.6	10.5	10.6	6.8	12.0
Ordinary profit	34,351	23,144	35,613	51,557	48,611	—	—	—	—	—	—	—
Profit before income taxes	34,107	27,946	33,527	65,399	49,346	57,192	61,257	69,669	72,274	67,046	42,944	86,429
Profit for the year	19,525	17,857	19,876	53,769	31,445	41,610	47,440	50,472	54,177	49,699	24,659	61,515
Profit for the year attributable to owners of the parent company	19,525	17,826	19,220	53,969	31,017	41,238	47,242	50,020	53,902	49,566	24,520	61,030
Depreciation	23,069	24,476	27,613	28,205	34,341	34,934	33,811	34,141	33,674	31,270	29,279	30,714
Capital expenditure	27,833	30,237	34,858	34,064	39,976	41,469	28,644	33,993	27,030	26,141	28,266	34,901
Research and development expenses	39,232	37,514	40,137	42,523	46,017	44,639	42,547	45,649	43,259	42,811	43,080	43,818
Debt to equity ratio (Times)	0.09	0.07	0.05	0.04	0.49	0.48	0.40	0.29	0.23	0.25	0.12	0.07
Financial position												
Total assets	370,906	421,494	469,973	567,230	667,811	675,301	674,107	708,278	708,604	731,472	743,896	811,149
Equity attributable to owners of the parent company / Net assets	231,425	278,769	308,310	367,284	339,722	333,440	345,061	395,514	424,759	428,520	483,050	561,146
Ratio of owners' equity to gross assets / Equity ratio (%)	62.3	62.4	62.0	61.7	48.2	49.4	51.2	55.8	59.9	58.6	64.9	69.2
Interest-bearing debt	19,966	19,224	14,366	15,481	158,440	158,487	137,592	116,446	96,792	107,012	57,458	40,827
Cash flows												
Net cash provided by operating activities	39,327	32,734	55,019	58,021	49,241	51,304	99,155	81,817	73,280	87,748	109,265	72,254
Net cash used in investing activities	(30,758)	(41,771)	(39,099)	(15,326)	(215,091)	(216,997)	(23,271)	(37,090)	(22,624)	(27,955)	(25,080)	(40,781)
Net cash used in financing activities	(14,117)	(6,413)	(13,433)	(18,451)	134,317	134,317	(30,389)	(34,551)	(39,040)	(14,916)	(74,038)	(65,191)
Cash and cash equivalents at the end of the year	58,731	55,059	68,934	104,732	66,690	67,387	112,032	121,384	131,152	168,422	191,002	167,915
Information per share												
Owners' equity per share (Yen)	863.01	985.85	1,097.01	1,348.69	1,240.77	1,284.27	1,328.97	1,523.09	1,635.22	1,649.22	1,858.28	2,170.46
Basic earnings per share for the year (Yen)	72.95	66.65	72.2	206.68	119.47	158.83	181.96	192.63	207.54	190.80	94.36	234.89
Diluted earnings per share for the year (Yen)	72.85	66.54	72.06	206.24	119.19	158.47	181.46	192.08	206.90	190.21	94.07	234.18
Price-earnings ratio (Times)	15.4	14.8	20.0	9.3	10.8	8.1	12.8	12.8	9.9	8.7	26.0	9.5
Dividend per share	24	24	24	30	36	36	42	54	60	60	60	64
Consolidated payout ratio (%)	32.9	36.0	33.2	14.5	30.1	22.7	23.1	28.0	28.9	31.4	63.6	27.2
Profitability												
Return on equity (ROE) (%)	8.7	7.2	6.9	16.8	9.2	12.1	13.9	13.5	13.1	11.6	5.4	11.7
Return on assets (ROA) (%)	5.3	4.5	4.3	10.4	5.0	6.7	7.0	7.2	7.6	6.9	3.3	7.8
Major Non-Financial Indicators												
Number of Group employees	31,314	31,694	33,118	34,988	36,307	36,379	36,929	38,628	37,769	37,697	38,741	41,215

Notes Consolidated financial statements are prepared in accordance with the Japanese Generally Accepted Accounting Principles (JGAAP) for the fiscal years ended March 2016 and earlier and with the International Financial Reporting Standards (IFRS) for the fiscal years ended March 2017 and thereafter. Values based on IFRS are additionally stated as references for the year ended March 2016.

Financial Review

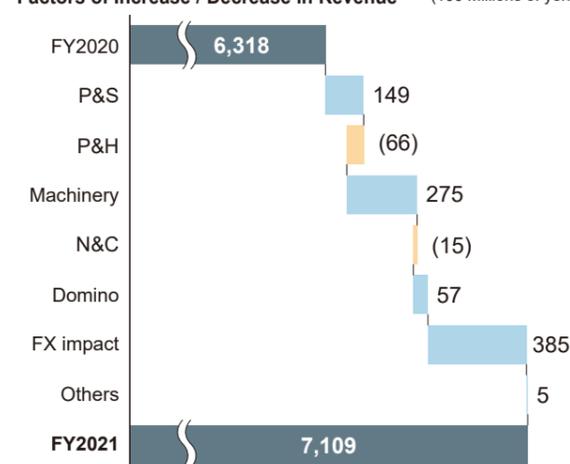
Performance in FY2021, the Year ended March 2022

In FY2021, there was a shift toward normalization of economic activities, following economic measures taken by various countries and an improvement in vaccination rates primarily in developed countries. However, in addition to the resurgence of COVID-19 in the second half of the fiscal year, risks related to global supply chains emerged, including a worldwide shortage of semiconductors and other parts and materials and the disruption of sea transport. The economic outlook remained uncertain, in part, due to heightened geopolitical risks stemming from the situation in Ukraine.

As for the business environment relating to the Group, in the printing market, demand for compact All-in-Ones and printers for use while working or studying from home continued to show steady growth in each region. Demand for home sewing machines has settled from the previous fiscal year when there was higher stay-at-home demand. In areas relating to the Machinery Business, demand for industrial equipment continued, mainly in China, and the appetite for investment in industrial sewing machines showed signs of recovery. In the karaoke market in Japan, the effects from the resurgence of COVID-19 caused conditions to remain challenging. In areas relating to the Domino Business, results were solid, supported by steady demand for daily necessities, including foods and pharmaceuticals.

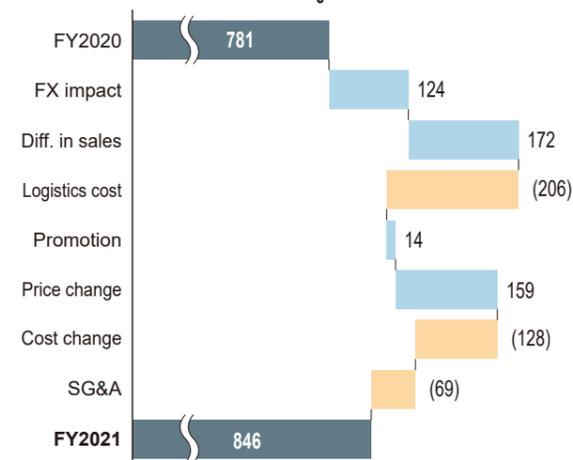
With regard to consolidated performance during the current fiscal year, under these circumstances, there was higher revenue in the Printing and Solutions Business as a result of steady sales of consumables combined with the positive impact of foreign exchange rates. In the Personal and Home Business, sales of sewing machines for people taking on second jobs remained strong, but did not reach the level of the previous fiscal year when there was higher stay-at-home demand, so revenue declined. In the Machinery Business, in addition to continued strong sales of industrial equipment, primarily to China, there was a recovery in demand for capital expenditure in industrial sewing machines for apparel, and as a result, revenue for the segment as a whole was up substantially. In the Network & Contents Business, revenue was down due to effects stemming from closures and shortened operating hours of karaoke clubs. In the Domino Business, revenue increased due to strong sales of both equipment and consumables, supported by steady demand for daily necessities.

Factors of Increase / Decrease in Revenue (100 Millions of yen)



Despite an increase in logistics costs and parts and materials costs, business segment profit increased due to strong sales mainly in the Machinery Business and P&S Business, as well as higher average unit prices in the P&S Business, together with positive FX effects.

Factors of Increase / Decrease in Business Segment Profit (100 Millions of yen)



As a result of these factors, sales revenue increased 12.5% year-on-year to 710,938 million yen and business segment profit increased 8.3% year-on-year to 84,552 million yen, reaching a record high. Operating profit was 85,501 million yen, a significant year-on-year increase of 100.1% due to a number of factors recorded in the previous fiscal year no longer being relevant, including impairment losses on some of the goodwill in the Domino Business and site reorganization expenses for some consolidated subsidiaries in the P&S Business. Profit for the year attributable to owners of the parent company was up substantially by 148.9% year-on-year to 61,030 million yen.

Analysis of Financial Position

Cash and cash equivalents decreased by 23,087 million yen, while trade and other receivables and inventories increased by 9,630 million yen and 49,397 million yen, respectively. As a result, total assets were 811,149 million yen, an increase of 67,253 million yen compared to the end of FY2020.

Corporate bonds and borrowings decreased due to the repayment of loans and other factors, while trade and other payables increased, and as a result, total liabilities were 249,937 million yen, an increase of 5,748 million yen compared to the end of FY2020.

Despite a decrease in non-controlling interests associated with the subsidiary Nissei Corporation becoming a wholly-owned subsidiary and an increase in treasury shares, total equity increased by 61,504 million yen compared to the end of FY2020 to 561,211 million yen, mainly due to an increase in retained earnings from profit attributable to owners of the parent company and an increase in exchange differences on translating foreign operations.

Statement of Financial Position (Excerpt)

(100 Millions of yen)

	End of FY2020	End of FY2021	Change
Current assets	4,288	4,767	480
Cash & cash equivalents	1,910	1,679	(231)
Inventories	1,202	1,696	494
Non-current assets	3,151	3,344	193
Total liabilities	2,442	2,499	57
Interest-bearing debt	575	408	(166)
Equity attributable to owners of the parent company	4,831	5,611	781
Total assets	7,439	8,111	673

Analysis of Cash Flows

Cash and cash equivalents at the end of FY2021 were 167,915 million yen, a decrease of 23,087 million yen compared to the end of FY2020, as a result of a 72,254 million yen increase from operating activities, a 40,781 million yen decrease from investing activities, and a 65,191 million yen decrease from financing activities.

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities were 72,254 million yen. This was mainly caused by a decrease in funds of 28,468 million yen due to a decrease in working capital, and a decrease in funds of 24,245 million yen due to income taxes paid, despite an increase in funds as a result of 86,429 million yen in profit before income taxes, and increases in assets from non-monetary losses including depreciation and amortization of 38,700 million yen.

Cash Flows from Investing Activities

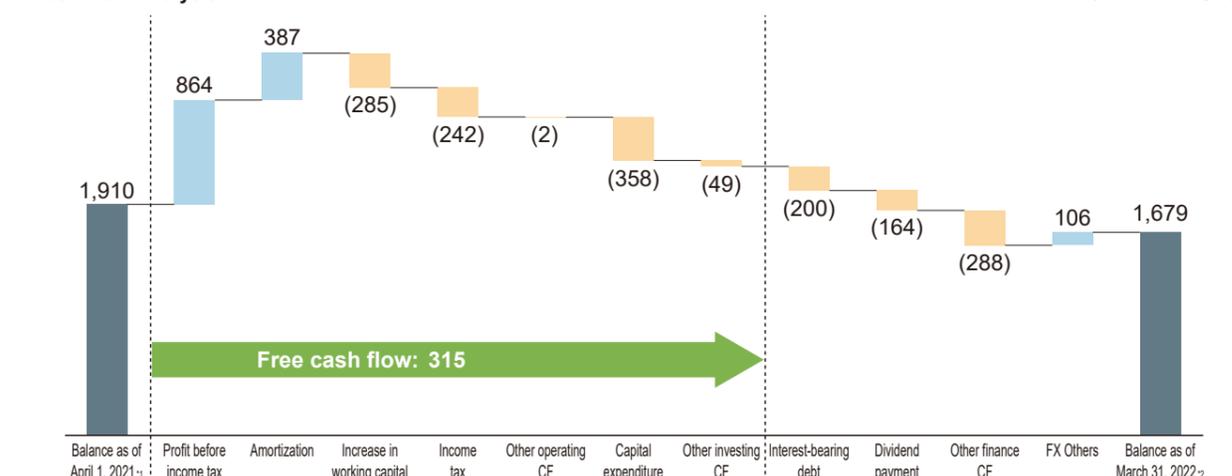
Cash flows used in investing activities were 40,781 million yen mainly due to purchases of property, plant and equipment of 26,606 million yen and purchases of intangible assets of 9,236 million yen.

Cash Flows from Financing Activities

Cash flows used in financing activities were 65,191 million yen mainly due to the repayment of long-term borrowings of 20,197 million yen, the repayment of lease obligations of 8,825 million yen, the payment of dividends of 16,397 million yen, and payments for the acquisition of interests in a subsidiary from non-controlling interests of 16,715 million yen.

Cash Flow Analysis

(100 Millions of yen)

¹ Cash and cash equivalents at the beginning of FY2021² Cash and cash equivalents at the end of FY2021

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	191,002	167,915
Trade and other receivables	93,055	102,685
Other financial assets	8,391	11,419
Inventories	120,186	169,583
Other current assets	16,070	24,843
Subtotal	428,705	476,447
Non-current assets classified as held for sale	45	297
Total current assets	428,751	476,745
Non-current assets		
Property, plant and equipment	107,742	117,127
Right-of-use assets	20,835	21,136
Investment property	8,248	7,858
Goodwill and intangible assets	118,196	121,689
Investments accounted for using the equity method	1,772	1,862
Other financial assets	36,042	33,389
Deferred tax assets	14,842	21,261
Other non-current assets	7,464	10,078
Total non-current assets	315,145	334,404
Total assets	743,896	811,149

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	54,589	71,247
Bonds and borrowings	19,167	20,121
Other financial liabilities	9,887	9,517
Income tax payables	6,779	14,084
Provisions	4,015	3,211
Contract liabilities	5,636	7,807
Other current liabilities	51,412	53,516
Total current liabilities	151,489	179,506
Non-current liabilities		
Bonds and borrowings	38,290	20,705
Other financial liabilities	23,295	20,379
Retirement benefits liabilities	19,316	16,366
Provisions	2,848	2,972
Deferred tax liabilities	6,394	7,207
Contract liabilities	1,506	1,600
Other non-current liabilities	1,047	1,197
Total non-current liabilities	92,700	70,431
Total liabilities	244,189	249,937
Equity		
Capital stock	19,209	19,209
Capital surplus	17,652	17,866
Retained earnings	509,662	554,910
Treasury stock	(2,477)	(5,428)
Other components of equity	(60,998)	(25,411)
Equity attributable to owners of the parent company	483,050	561,146
Non-controlling interests	16,657	65
Total equity	499,707	561,211
Total equity and liabilities	743,896	811,149

Consolidated Financial Statements

Consolidated Statement of Income

	(Millions of yen)	
	FY2020 (Year ended March 31, 2021)	FY2021 (Year ended March 31, 2022)
Revenue	631,812	710,938
Cost of sales	(345,209)	(403,614)
Gross profit	286,602	307,324
Selling, general and administrative expenses	(208,526)	(222,771)
Other income	6,107	5,621
Other expenses	(41,451)	(4,672)
Operating profit	42,731	85,501
Finance income	2,209	4,079
Finance expenses	(2,231)	(3,338)
Share of profit / (loss) of investments accounted for using the equity method	235	186
Profit before income taxes	42,944	86,429
Income tax expenses	(18,285)	(24,914)
Profit for the year	24,659	61,515
Profit for the year attributable to:		
Owners of the parent company	24,520	61,030
Non-controlling interests	138	484
Profit for the year	24,659	61,515
Earnings per share		
Basic earnings per share (Yen)	94.36	234.89
Diluted earnings per share (Yen)	94.07	234.18

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	FY2020 (Year ended March 31, 2021)	FY2021 (Year ended March 31, 2022)
Profit for the year	24,659	61,515
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Gains / (Losses) on investments in equity instruments designated as FVTOCI	6,128	(3,234)
Remeasurement of the net defined benefit liability (asset)	2,128	3,831
Share of other comprehensive income of investments accounted for using the equity method	(7)	(0)
Total of items that will not be reclassified subsequently to profit or loss	8,248	597
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	36,565	35,622
Total of items that may be reclassified subsequently to profit or loss	36,565	35,622
Other comprehensive income for the year, net of income tax	44,814	36,219
Comprehensive income for the year	69,474	97,734
Comprehensive income for the year attributable to:		
Owners of the parent company	69,219	97,231
Non-controlling interests	255	503
Comprehensive income for the year	69,474	97,734

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

FY2020 (Year Ended March 31, 2021)

(Millions of yen)

	Equity attributable to owners of the parent company										
	Other components of equity								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains / (losses) on investments in equity instruments designated as FVTOCI	Remeasurement of the net defined benefit liability (asset)	Total			
Balance as of April 1, 2020	19,209	17,632	491,803	(2,597)	(97,526)	—	—	(97,526)	428,520	16,650	445,171
Profit for the year	—	—	24,520	—	—	—	—	—	24,520	138	24,659
Other comprehensive income / (loss)	—	—	—	—	36,528	6,057	2,112	44,698	44,698	116	44,814
Total comprehensive income / (loss) for the year	—	—	24,520	—	36,528	6,057	2,112	44,698	69,219	255	69,474
Acquisition of treasury stock	—	—	—	(17)	—	—	—	—	(17)	—	(17)
Disposal of treasury stock	—	(100)	—	137	—	—	—	—	37	—	37
Dividends paid	—	—	(14,830)	—	—	—	—	(14,830)	(14,830)	(248)	(15,079)
Share-based payment transaction	—	120	—	—	—	—	—	120	120	—	120
Reclassification to retained earnings	—	—	8,170	—	—	(6,057)	(2,112)	(8,170)	—	—	—
Total transactions with owners	—	20	(6,660)	120	—	(6,057)	(2,112)	(8,170)	(14,689)	(248)	(14,938)
Balance as of March 31, 2021	19,209	17,652	509,662	(2,477)	(60,998)	—	—	(60,998)	483,050	16,657	499,707

FY2021 (Year Ended March 31, 2022)

(Millions of yen)

	Equity attributable to owners of the parent company										
	Other components of equity								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains / (losses) on investments in equity instruments designated as FVTOCI	Remeasurement of the net defined benefit liability (asset)	Total			
Balance as of April 1, 2021	19,209	17,652	509,662	(2,477)	(60,998)	—	—	(60,998)	483,050	16,657	499,707
Profit for the year	—	—	61,030	—	—	—	—	—	61,030	484	61,515
Other comprehensive income / (loss)	—	—	—	—	35,586	(3,216)	3,830	36,200	36,200	18	36,219
Total comprehensive income / (loss) for the year	—	—	61,030	—	35,586	(3,216)	3,830	36,200	97,231	503	97,734
Acquisition of treasury stock	—	—	—	(3,009)	—	—	—	—	(3,009)	—	(3,009)
Disposal of treasury stock	—	(54)	—	57	—	—	—	—	3	—	3
Dividends paid	—	—	(16,397)	—	—	—	—	(16,397)	(16,397)	(249)	(16,647)
Share-based payment transaction	—	117	—	—	—	—	—	117	117	—	117
Changes in ownership interest in subsidiaries	—	149	—	—	—	—	—	149	149	(16,845)	(16,695)
Reclassification to retained earnings	—	—	614	—	—	3,216	(3,830)	(614)	—	—	—
Total transactions with owners	—	213	(15,783)	(2,951)	—	3,216	(3,830)	(614)	(19,135)	(17,094)	(36,230)
Balance as of March 31, 2022	19,209	17,866	554,910	(5,428)	(25,411)	—	—	(25,411)	561,146	65	561,211

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 (Year ended March 31, 2021)	FY2021 (Year ended March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	42,944	86,429
Depreciation and amortization	38,252	38,700
Impairment losses	30,787	2,123
Finance expenses / (income)	22	(740)
Share of (profit) / loss of investments accounted for using the equity method	(235)	(186)
Losses / (gains) on sale or disposal of fixed assets	859	670
Decrease / (increase) in trade and other receivables	7,484	(2,954)
Decrease / (increase) in inventories	3,953	(37,964)
Increase / (decrease) in trade and other payables	1,232	12,450
Decrease / (increase) in retirement benefit assets	(831)	(1,748)
Increase / (decrease) in retirement benefit liabilities	(1,863)	(3,646)
Other	3,643	2,562
Subtotal	126,250	95,695
Interest received	877	1,231
Dividends received	312	330
Interest paid	(1,229)	(756)
Income taxes paid	(16,945)	(24,245)
Net cash provided by operating activities	109,265	72,254
Cash flows from investing activities		
Purchases of property, plant and equipment	(20,655)	(26,606)
Proceeds from sales of property, plant and equipment	1,674	1,019
Purchases of intangible assets	(6,859)	(9,236)
Purchases of investments in equity instruments	(238)	(1,244)
Proceeds from sales of investments in equity instruments	706	10
Purchases of investments in debt instruments	(7,299)	(9,297)
Proceeds from sales or redemption of investments in debt instruments	8,541	5,880
Other	(950)	(1,305)
Net cash used in investing activities	(25,080)	(40,781)
Cash flows from financing activities		
Repayment of short-term borrowings	(30,012)	—
Proceeds from long-term borrowings	200	200
Repayment of long-term borrowings	(200)	(20,197)
Redemption of bonds	(20,140)	—
Repayment of lease obligations	(8,798)	(8,825)
Dividends paid	(14,830)	(16,397)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(16,715)
Purchase of treasury stock	(6)	(3,005)
Dividends paid to non-controlling interests	(248)	(249)
Other	(0)	(0)
Net cash used in financing activities	(74,038)	(65,191)
Effect of exchange rate changes on cash and cash equivalents	12,434	10,630
Net increase / (decrease) in cash and cash equivalents	22,580	(23,087)
Cash and cash equivalents at the beginning of the year	168,422	191,002
Cash and cash equivalents at the end of the year	191,002	167,915

Corporate Information (As of March 31, 2022)

Corporate Profile

Company Name :	BROTHER INDUSTRIES, LTD.
Date of Incorporation :	January 15, 1934
Paid-in Capital :	19,209 million yen
Head Office :	15-1 Naeshiro-cho, Mizuho-ku, Nagoya, Aichi 467-8561, Japan
Number of Employees :	Consolidated 41,215 / Non-consolidated 3,867
Consolidated Subsidiaries :	110 companies
Entities Accounted for Using the Equity Method :	7 companies
Fiscal Year :	From April 1 to March 31 of the following year
Month of the Ordinary General Meeting of Shareholders :	June
Total Number of Shares Issued :	262,220,530 shares
Number of Shareholders :	14,395
Listed Stock Exchanges :	Tokyo / Nagoya

Major External Evaluations



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index



2022 Sompo Sustainability Index



2022
健康経営優良法人
Health and productivity
ホワイト500

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

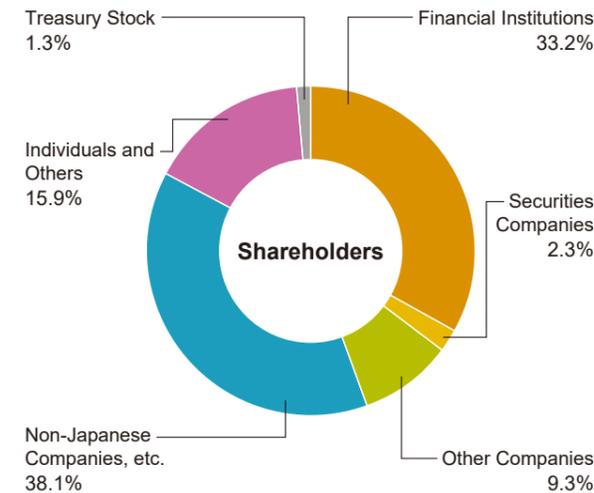


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Stock Information (As of March 31, 2022)

Stock Distribution



Major Shareholders (Top 10)

Name of Shareholder	Number of shares held (1,000 shares)	Percentage of shares held (%) *
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,346	14.81
SSBTC Client Omnibus Account	12,427	4.80
Custody Bank of Japan, Ltd. (Trust Account)	10,976	4.24
Nippon Life Insurance Company	8,848	3.42
Sumitomo Mitsui Banking Corporation	5,398	2.09
Brother Employees Shareholding Plan	4,543	1.76
Sumitomo Life Insurance Company	4,499	1.74
BBH FOR UMB BK-152105-PEAR TREE PFVF	4,160	1.61
STATE STREET BANK WEST CLIENT - TREATY 505234	4,053	1.57
STATE STREET BANK AND TRUST COMPANY 505103	3,519	1.36

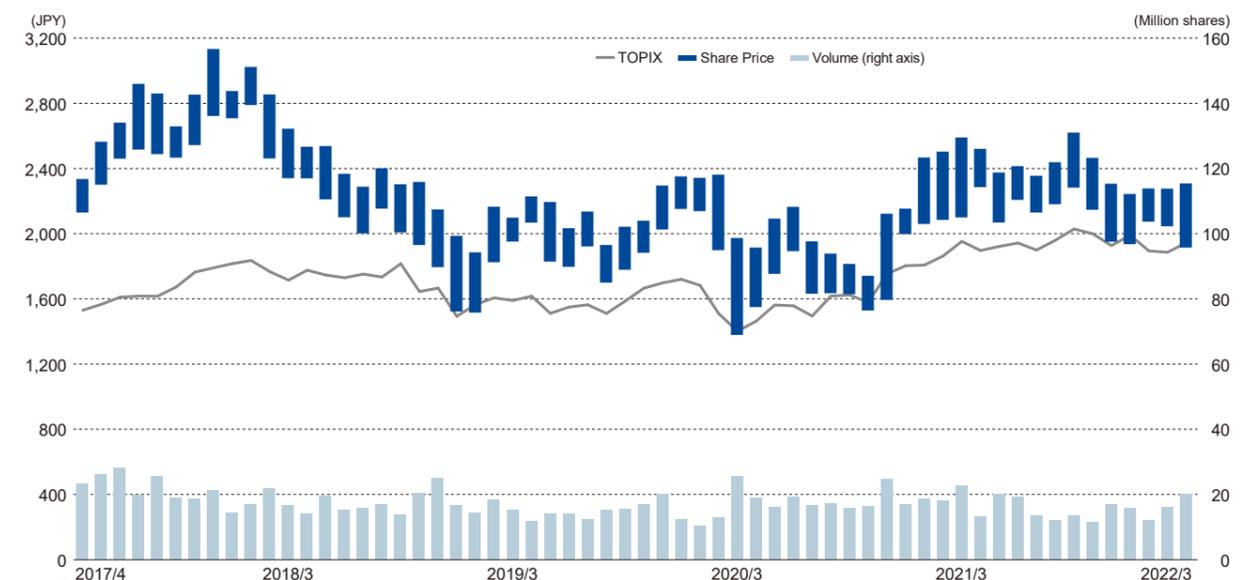
* The percentage of shares held is calculated after deducting the number of shares of treasury stock (3,344 thousand shares) from the total number of shares issued

Credit Ratings

Rating and Investment Information, Inc.: A (Positive) (As of October 7, 2022)

Stock Overview

Share Price and Volume Transition



Corporate information

<https://global.brother/en/corporate>

Investor Relations

<https://global.brother/en/investor>

Sustainability

<https://global.brother/en/sustainability>

Brother Group SDGs Special Site: Brother SDGs story

<https://sdgsstory.global.brother/e>

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Brother Group's Special Website

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STORY

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