

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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions” and “circulating resources.” Reducing CO<sub>2</sub> 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 CO<sub>2</sub>-free electricity at each of our facilities, while actively working to reduce CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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?**

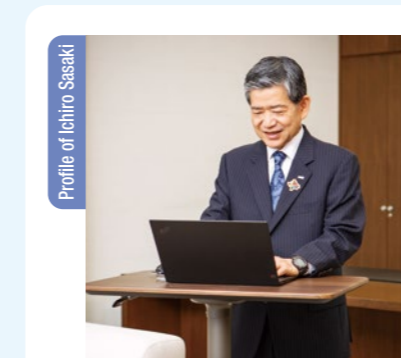
I believe that engaging with stakeholders is an extremely important part of all Brother’s efforts to create value. Although COVID-19 disrupted our supply chains, we were greatly helped by collaboration and close communication with our suppliers and business partners. Especially in times of rapid change, 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.