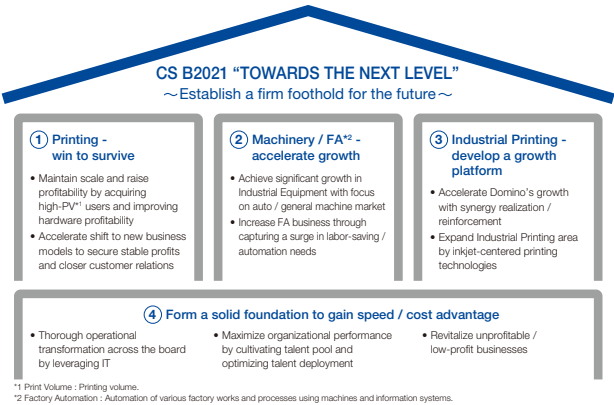


Background to Formulation of the Medium-term Business Strategy

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”

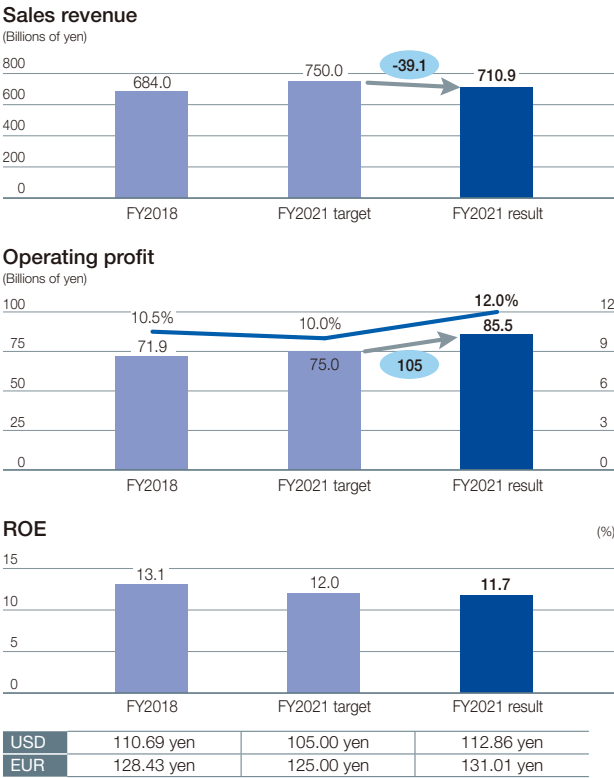
Under the previous medium-term business strategy CS B2021, we aimed to build a growth foundation by pursuing reforms in four strategies under the theme of “TOWARDS THE NEXT LEVEL.” As for the sales revenue, operating profit, and ROE targets, which were set for financial



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	● Achieved significantly improved profits due to steady sales of consumables, improved product mix, and mitigation of price competition	● Accelerate business model transformation ● Achieve growth in Commercial & Industrial Labeling business
Machinery / FA - accelerate growth	● In Industrial Equipment business, increased sales in automobile and general machine market	● Achieve continuous growth in sales of Industrial Equipment business ● Return Nissei's business to a growth trajectory
Industrial Printing - develop a growth platform	● Domino's C&M and garment printer achieved steady growth ● Enhanced Domino's product lineup by utilizing Brother's development resources	● Accelerate growth in Domino business ● Strengthen technological foundation for product development in Industrial Printing area
Form a solid foundation to gain speed / cost advantage	● Reduced man-hours and other measures through operational reforms and responded to myriad irregular operations during the COVID-19 pandemic	● 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**.

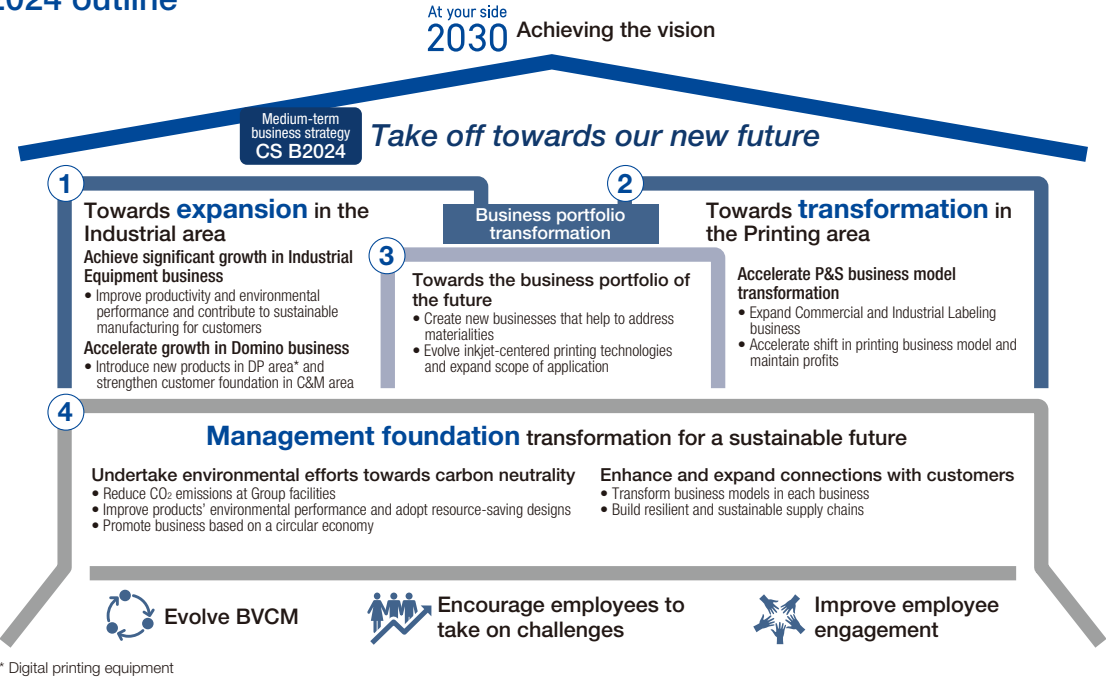
Identified the five materialities

- 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.

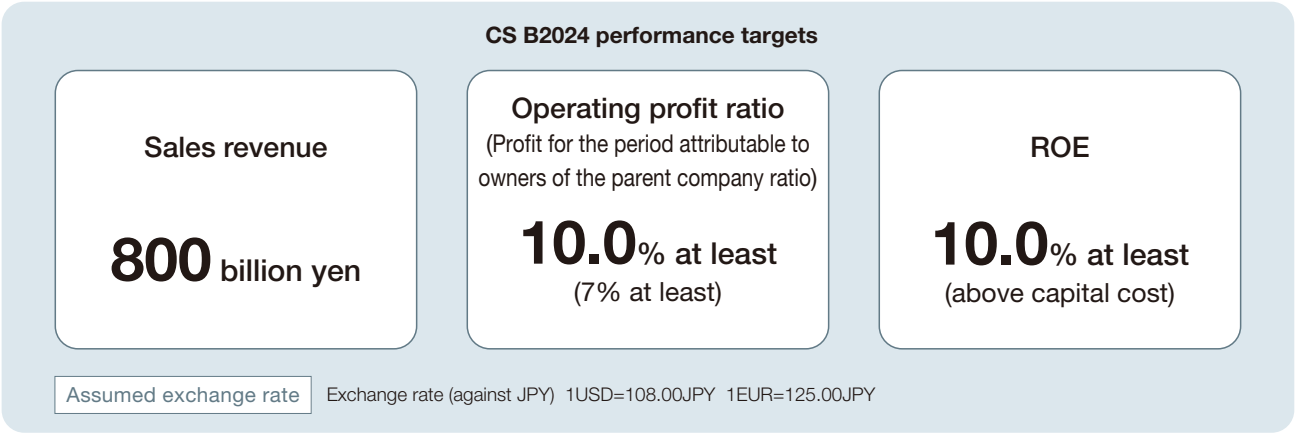
CS B2024 outline



Financial Targets

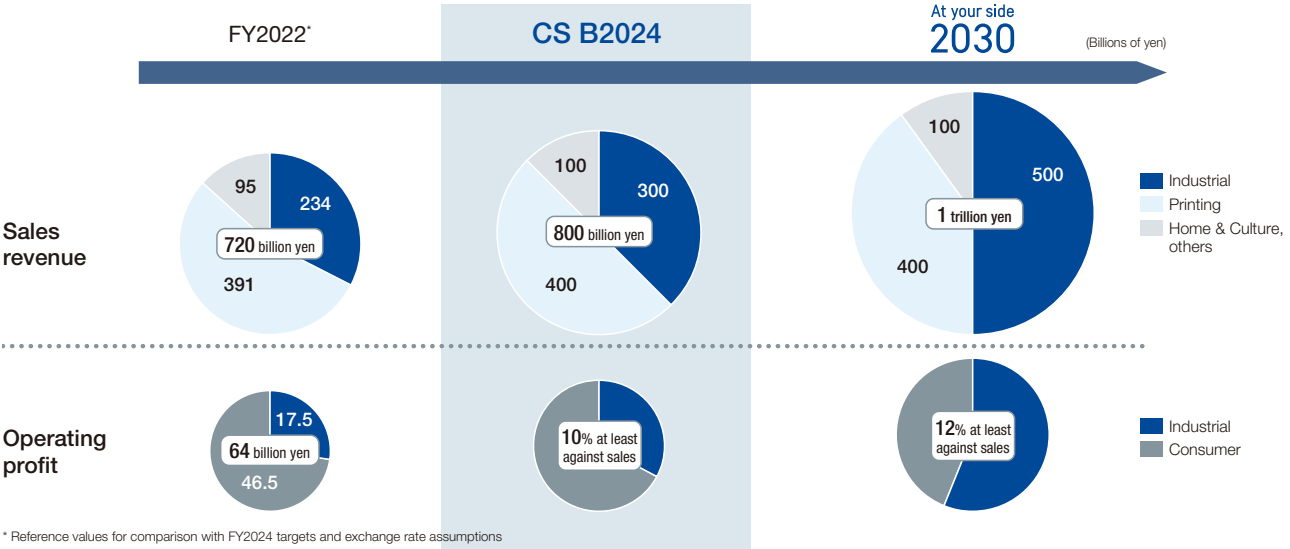
The financial targets are set to be achieved at the same time as the sustainability targets. The currency exchange rate assumptions for the FY2024 targets were 1 US dollar = 108 yen and 1 euro = 125 yen before the rapid depreciation of the yen, with the target of 800 billion yen in sales revenue and 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	<ul style="list-style-type: none">In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing CO₂ emissionsIn P&S business, build platform to connect directly with customers towards improving LTV*¹ of customers	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
	Realizing a diverse and active society	<ul style="list-style-type: none">Visualize employee engagement at the global level and improve engagement survey scoresEnhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside JapanStrengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working²	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS
	Pursuing a responsible value chain	<ul style="list-style-type: none">Expand the human rights risk assessment on suppliersAttain RBA Gold certification for three Group manufacturing facilities	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS
Protect the earth	Reducing CO ₂ emissions	<ul style="list-style-type: none">[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 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
	Circulating resources	<ul style="list-style-type: none">Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%	6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS

*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

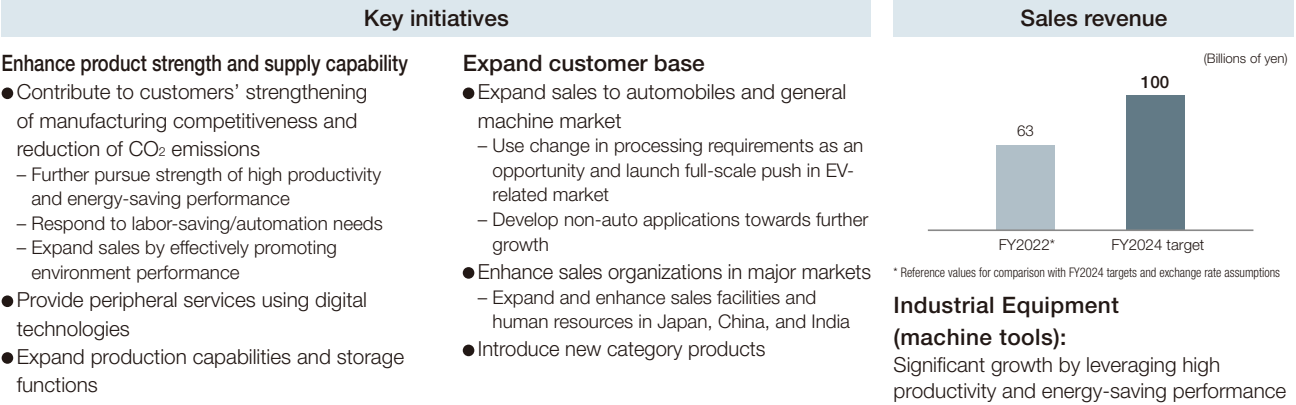
① Towards Expansion in the Industrial Area

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.

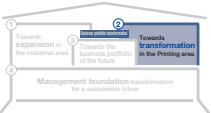
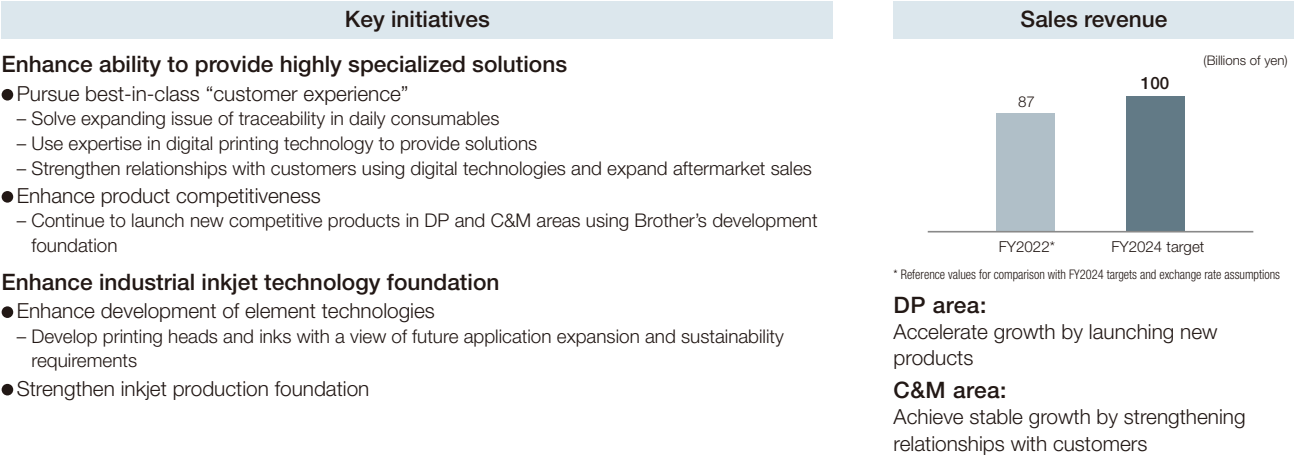


Accelerate Growth in the Domino Business and Enhance the Industrial Inkjet Technology Foundation

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



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.



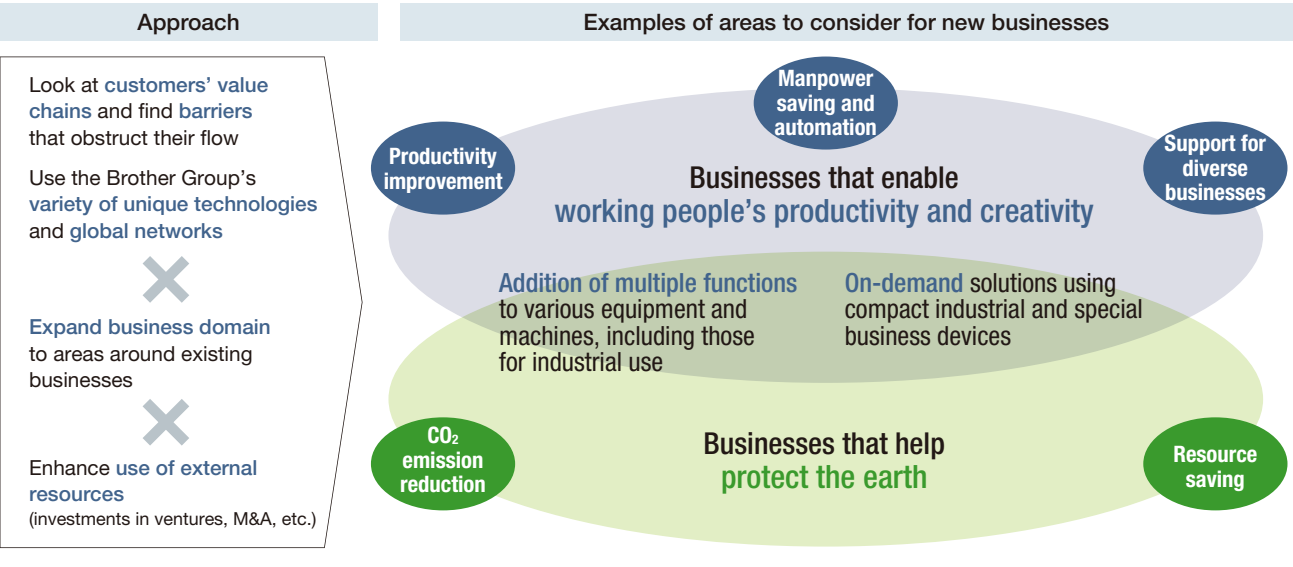
Business Portfolio Transformation

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

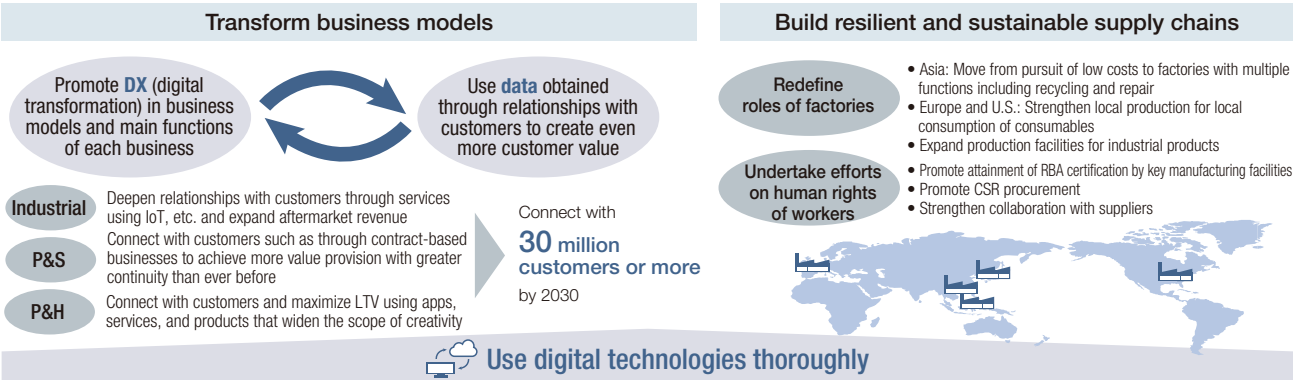
biodiversity conservation and is making efforts to achieve these targets. Furthermore, we have set a medium-term goal for 2030 and will accelerate our efforts to solve environmental issues on a global scale, such as reduction of CO₂ emissions.

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

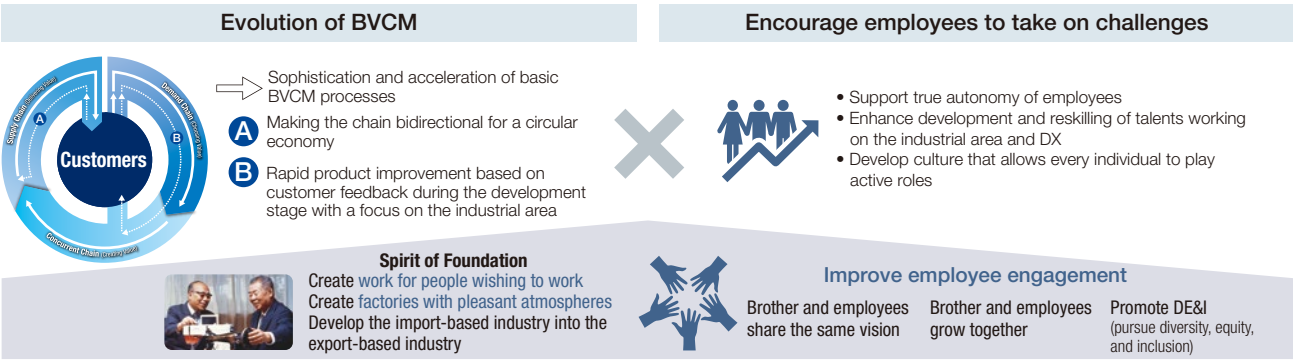
obtained through relationships with customers to provide even more value to them. Moreover, we aim to provide a more stable supply of products by establishing a more resilient supply chain.



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

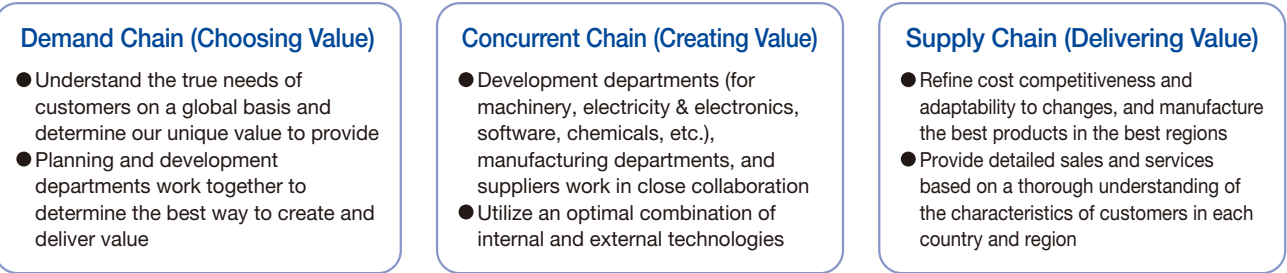
Business Model for Value Creation:
Brother Value Chain Management (BVCM)

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.



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.

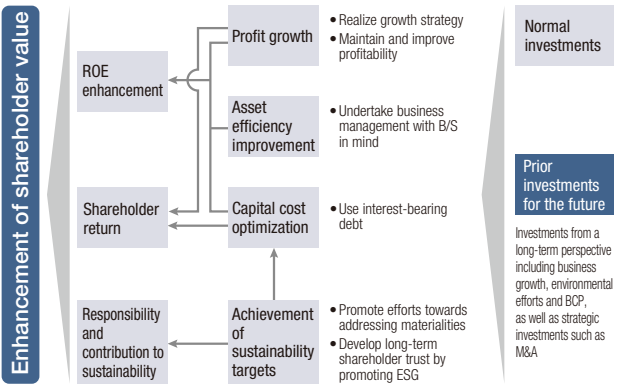
My role is to steadily implement the financial strategies we have established in CS B2024. My aim is to generate healthy revenues and profits, while accomplishing our sustainability targets, in order to ensure Brother remains needed and trusted by society over the long term.

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.

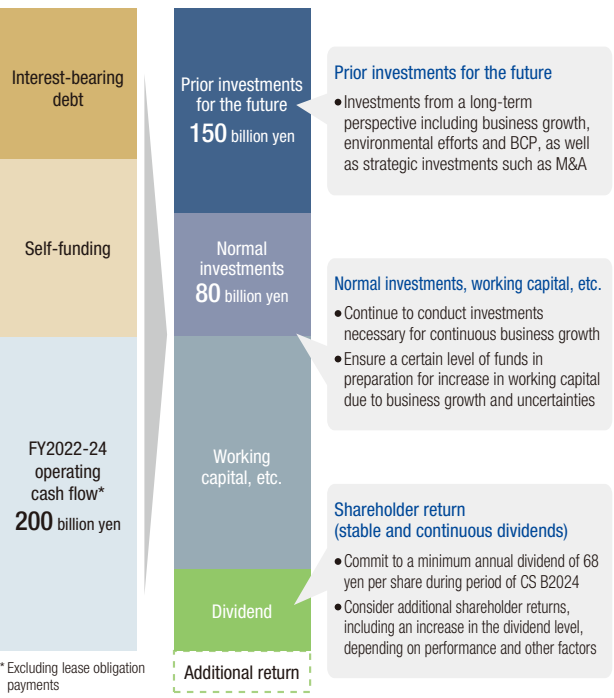
Overview of financial policy for enhancing shareholder value



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

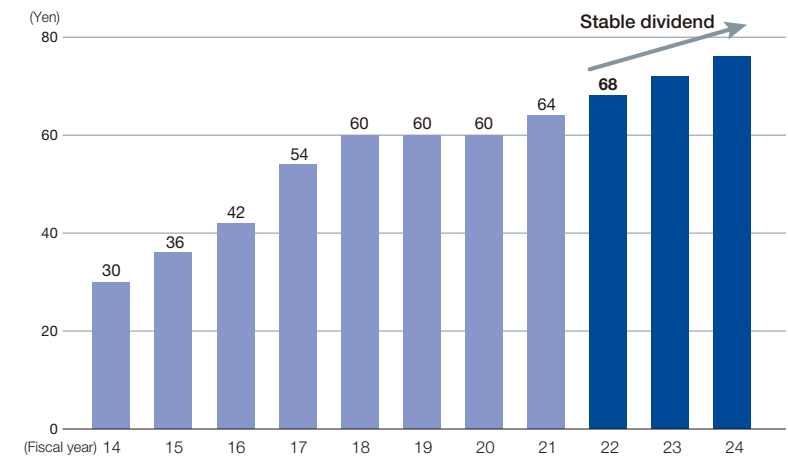
Theme		Main items	Amount
Business portfolio transformation	Towards expansion in the Industrial area	• Reinforce sales and service facilities of Industrial area	50 billion yen
	Towards transformation in the Printing area	• Reinforce production capacity in the Machinery/FA area	
	Towards the business portfolio of the future	• Expand inkjet development and manufacturing facilities	
Management foundation transformation for a sustainable future	Environmental efforts	• Create new businesses and technologies that help to address materialities	30 billion yen
	Enhance and expand connections with customers	• Evolve printing technology with inkjet at its core and expand its range of applications (activities with M&A in mind)	
Total		• 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
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.

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 <ul style="list-style-type: none">■ Product development capability that can flexibly respond to customer needs and changes in the business environment Labeling Business <ul style="list-style-type: none">■ Accumulated knowledge as the industry's pioneer	Relevant Social Issues and Materialities <ul style="list-style-type: none">■ Supporting people's value creation & Circulating resources<ul style="list-style-type: none">Establishment of a foundation to connect directly with customers in the P&S Business to improve their LTV and expand the resource circulation business
	Challenges <ul style="list-style-type: none">■ 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 SDGs <div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>		

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.

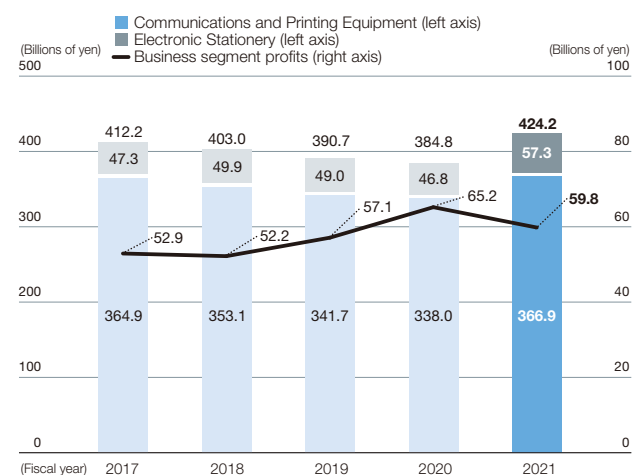
We also launched a new contract-based business and accelerated the business model transformation.

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.

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.

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.

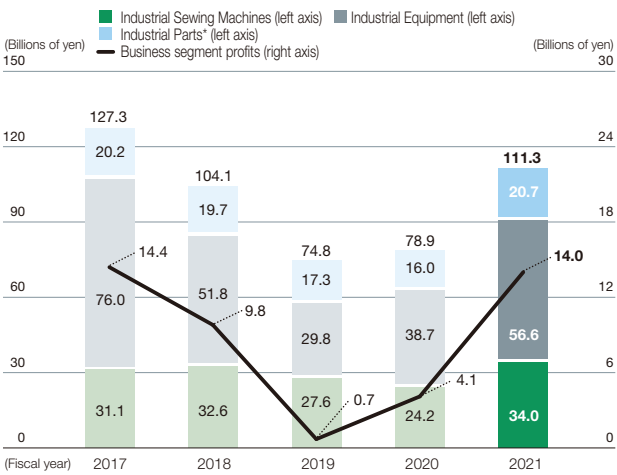
<Garment Printers>

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.

Main Products



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.

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



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

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

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

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.



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

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.

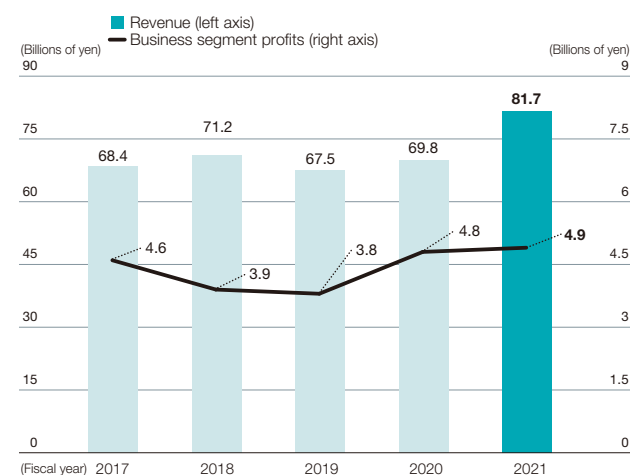
Going forward, we aim to increase sales and improve profitability through sales expansion of products and enhancement of services and solutions in the C&M and DP areas.



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

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.

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



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.



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	■ Ability to deal with customers with finely tuned customization, high quality, and speedy delivery	Relevant SDGs
Challenges	■ 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 Materialities	■ Supporting people's value creation 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.	

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



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

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.

- 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	■ 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	Relevant SDGs
Challenges	■ 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 Materialities	■ Supporting people's value creation Job creation through the support of entrepreneurship and side businesses using Brother products	

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

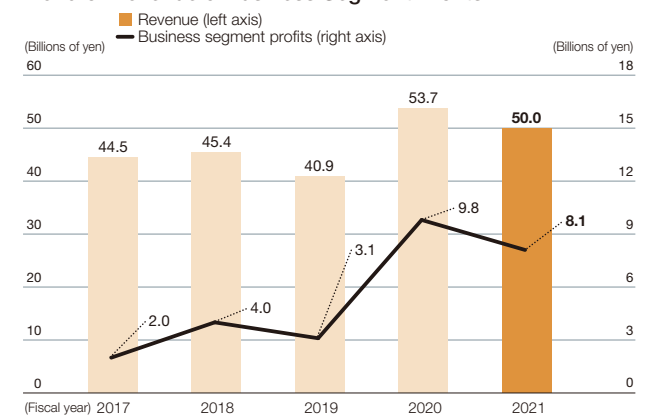


Summary of FY2021

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
Challenges	<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
Relevant Social Issues and Materials	<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 SDGs	<div><div>3</div>Good Health and Well-being</div> <div><div>8</div>Decent Work and Economic Growth</div>

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



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

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

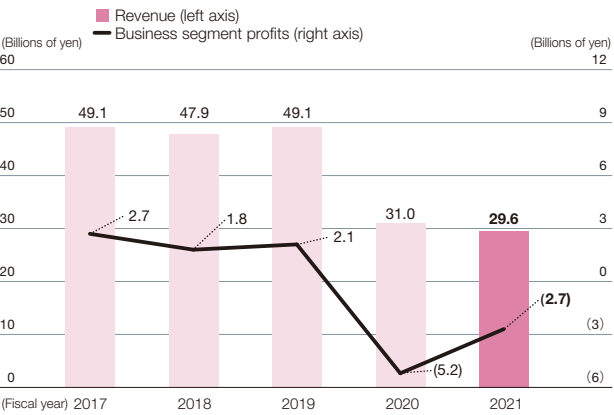
- Take on the challenge of transforming business models and expanding the business again by applying network technologies developed through the online karaoke service to new applications and seeking to create new businesses

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



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	<div>T Thermal</div>	<div>IJ Inkjet</div> <div>T Thermal</div> <div>LB Laser</div>	<div>IJ Inkjet</div>	<div>IJ Inkjet</div>
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 				