

Top Message



Through the Transformation of Our Business Portfolio and Management Foundation, We Will Strive to Create Customer Value and Realize the Brother Group Vision “At Your Side 2030.”

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Representative Director & President

Brother Group Vision for 2030

How does the Brother Group envision the world in 2030, and what kind of business environment do you expect?

We are currently facing rapid environmental changes at a global level. Climate change, energy and resource procurement issues due to the emergence of geopolitical risks, and the vulnerabilities in the global supply chain that surfaced during the COVID-19 pandemic are already having a significant impact on the Brother Group's business. In addition, it will be essential to adapt to the changes in consumer behavior that will become more significant in the future due to digitalization and technologies evolving dramatically. These include IoT and AI; changing customer needs due to changes in people's values and demands in the post-pandemic society; and rapid economic growth

such as in China and India.

The business environment surrounding the Brother Group is also changing significantly and rapidly. In 2021, we announced the Brother Group Vision “At your side 2030” after considering how we should operate and advance globally amid an uncertain future. [See page 17.](#) We aim to transform our business portfolio and continue to grow as a multi-business enterprise in the Industrial and Consumer areas while taking into account changes in the business environment toward 2030, and especially changes in demand for printing in offices and homes, which will significantly affect the Brother Group's business areas.

What are your thoughts that you would like to share again after the publication of “At your side 2030”?

No matter how much the business environment changes, there is one thing that must never change. For the Brother Group, it is the spirit of “At your side.” that places customers first in every situation and has been passed down to our employees since the founding of Brother.

The main members in formulating the Group Vision

are the employees of the generation that will be in charge of management in 2030. I was very pleased that the members themselves named the Vision “At your side 2030” expressing that the Vision is about creating a new “At your side.” for 2030. With this “At your side 2030” we will be able to advance our business without hesitation, and it will also serve as a driving force for value creation.

Value Creation Pursued by the Brother Group

What do you consider to be Brother's role and raison d'être for the medium- to long-term future?

In our Vision, we clearly state our purpose: “By being At your side, we enable people's productivity and creativity, contribute to society, and help protect the earth.” What is especially important in our purpose is to be useful to our customers in aspects close to their lives. We believe that this is the raison d'être of the Brother Group and the role we should continue to play in the future.

Our Vision is to enable our customers to maximize their own productivity and creativity through Brother's products and services, thereby providing them with the joy of success. It is always our desire to enhance the value we provide in this way. We believe that this will contribute not only to the success of business, but also to solving social issues such as global environmental problems.

What is Brother's unique value?

As a means to realize the Brother Group's purpose, “Our Approach” is also clearly stated in the Vision and incorporated into our business activities.

In the previous Vision, we set the goal “To become a world-class manufacturer by developing outstanding proprietary technologies.” However, the question also arose: “Are we really benefiting our customers when our proprietary technologies are essential?” In order to promptly provide a variety of value to our diverse customers, we need to leverage all the strengths we have cultivated, including not only our own technologies but also the knowledge we have gained through collaborative creation with our business partners and through our global network. Therefore, we define “Our Approach” as “to identify and eliminate barriers to customers' success by utilizing our unique technologies and global network” and implement it in our business activities.

“At your side 2030” also indicates two areas that Brother will focus on as it aims for further growth toward 2030.

In the Industrial area, where Brother aims to achieve significant growth, the Group aims to become a trusted, invaluable solutions partner by serving a diverse range of customers closely and expanding our business through

products and services that meet their needs.

On the other hand, in the Printing area, we will establish a new revenue base by continuing to lead print innovation and pioneering new offerings without being limited by the existing business framework and by transforming ourselves in line with the times. In our medium-term business strategy “CS B2024,” we have incorporated value creation in our Focus Areas into specific measures. [See page 18.](#)

What specific initiatives are being undertaken in your business activities?

Two years have passed since the Vision was formulated, and we have been actively developing activities within BIL to help employees understand and align with the Vision. As a result, each employee is taking action toward achieving the Vision in their daily work. [See pages 35-39.](#)

The results of these efforts can be seen in our most recent products. For example, the “SPEEDIO” series of machine tools, which boasts high productivity with compact size and is popular among many customers, promptly addressed customers' needs for machining large parts to meet the recent increase in demand for electric vehicles (EVs) and such, and now offers a larger machining area. Furthermore, to improve usability, the user interface of the operation panel has been modified so that users can follow the instructions without having to thoroughly read the manual.

As another example, with our garment printers used for on-demand printing of designs on T-shirts, we had customers who said that it was difficult to find the right people to operate these printers due to a shortage of manpower. To address this issue, we now offer the DIGITAL LINE series, which saves labor by automating the pre-processing and post-processing of printing.

As these efforts show, we are steadily seeing results that will lead to achieving our Vision by providing products and services that solve our customers' problems and accelerating the introduction of products that contribute to improving our customers' productivity and creativity.

Brother's Strengths and Addressing Materialities

How are Brother's strengths being used to address materialities?

The Brother Group has identified five materialities to realize Our Purpose of the 2030 Vision: supporting people's value creation, realizing a diverse and active society, pursuing a responsible value chain, reducing CO₂ emissions, and circulating resources. We have also set sustainability targets for 2024 as mid-term goals for resolving these materialities, and we are steadily implementing initiatives to achieve them. [See page 19.](#)

Supporting people's value creation represents our desire to contribute to the enriched and comfortable lives of people around the world through value creation, such as improved productivity and demonstrated creativity, by people who use the Brother Group's products and services. As part of our efforts in FY2022, we launched seven new models in the "SPEEDIO" series, which boast high energy-saving performance and productivity, with further improvements over the past year in the Industrial Equipment Business, contributing to customers' productivity improvement and CO₂ emissions reduction. [See pages 28-29.](#) In the Printing and Solutions Business (P&S Business), we strengthened our efforts to connect with customers in each region, such as through subscription services, in order to improve LTV*1 of customers. [See pages 26-27.](#)

Realizing a diverse and active society aims to create an environment where diverse employees can play an active role in the Brother Group, and where diverse perspectives, knowledge, and values that are not based on any particular attribute are leveraged in creating innovation and decision-making of the organization, a goal that we believe should continue to evolve in the future.

In FY2022, we conducted an employee engagement survey*2, assessed the status of our human resource policies, identified issues at major overseas facilities, and expanded our training program for female management candidates*2. [See pages 32-34.](#)

As for pursuing a responsible value chain, we are conducting assessments using appropriate methods and making continuous improvements to ensure that the human rights of all people involved in the value chain of Brother Group's business operations are respected and that the safety and security of all workers are protected.

In FY2022, we conducted a survey on first-tier suppliers in addition to formulating human rights policies and identifying human rights issues in the value chain. By expanding the number of businesses subject to human rights due diligence, we will carry out and implement the assessment of and countermeasures against human rights

risks on a broader scale than before. [See page 43.](#)

In addition, we obtained RBA Gold certification for a manufacturing facility in Vietnam for our P&S Business and are in the process of obtaining RBA Gold certification for other manufacturing facilities as well. [See page 19.](#)

We are also accelerating our efforts in reducing CO₂ emissions and circulating resources.

Climate change is an issue requiring urgent action. To reduce CO₂ emissions, we have declared in the "Brother Group Environmental Vision 2050" that we will achieve carbon neutrality in the Group's business activities by 2050, and we have also set a mid-term target to achieve by 2030. [See page 44.](#)

In FY2022, we worked to reduce CO₂ emissions at all Group facilities worldwide through energy-saving activities, energy-creating activities such as the installation of solar panels, and the purchase of CO₂-free electricity. We achieved a 43.8% reduction in Scope 1 and 2*3 compared to FY2015, and a 1.0% reduction in Scope 3 (Categories 1, 11, and 12)*4 compared to FY2015, which was due to the impact of solid growth in the sales of inkjet/laser All-in-Ones and printer units. In addition, the ratio of renewable energy to total energy consumption increased significantly to 17.5% from the FY2021 level of 2.3%. [See page 71.](#)

Going forward, we will pursue lower power consumption and longer product lives than ever, maximize the use of recycled materials, strengthen cooperation with suppliers, and tackle CO₂ emissions reduction throughout the product life cycle, from material procurement to production, packaging, use, collection, and disposal.

In regions such as Europe, an economic system dubbed the "circular economy" is being promoted, and this movement is spreading globally. It aims to achieve economic growth while mitigating environmental impacts such as climate change and pollution by shifting from the conventional "linear economy" of a linear path between manufacturing, consumption, and disposal to circulating resources. This is not only good for the environment but also reduces fundamental risks to the resource supply, which is an important aspect for business continuity. We have set the recirculation of limited resources as our mid-term goal. [See page 44.](#)

In FY2022, we implemented measures such as the use of recycled materials in some of our products and a change to recyclable cushioning materials. While progress has been made in recycling metals, we also recognize that there are issues with resin recycling, such as uneven durability. This effort is not limited to simply recycling the resin used in our products, but also includes the restoration and reuse of

end-of-life products. Brother products have always had a reputation for durability, a strength that we have cultivated since our founding as a sewing machine repair business, and our customers have been pleased by our ability to produce durable products. We intend to utilize this strength in the field of resource recycling as well, and to master the development of products that contribute to resource circulation.

*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 Implemented only at Brother Industries, Ltd.

*3 Scope 1: Direct GHG emissions by business operators

Scope 2: Indirect GHG emissions resulting from use of electricity, heat, and steam supplied by other entities

*4 Scope 3: Indirect GHG emissions other than Scope 1 and 2 (emissions by other entities related to the activities of business operators)

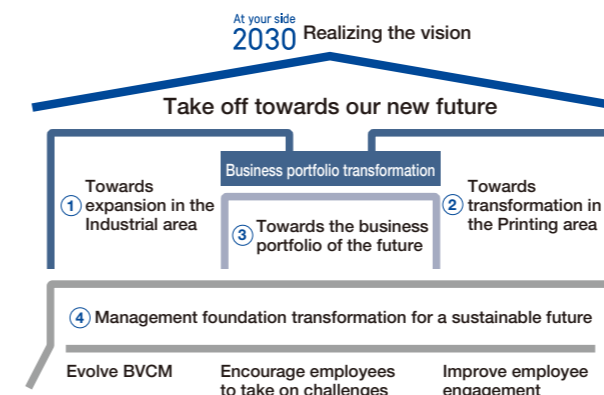
Category 1 is emissions associated with purchased goods and services. Category 11 is emissions associated with the use of sold products. Category 12 is emissions associated with the end of life treatment of sold products.



Progress and Outlook for the Medium-Term Business Strategy "CS B2024"

Tell us about the achievements and remaining tasks in the first year of the business portfolio transformation toward the FY2024 targets.

Under "CS B2024," our medium-term business strategy formulated by backcasting from our Vision for 2030, we are working on four strategic themes centered on business portfolio transformation in order to realize "At your side 2030."



The strategic themes include ones that directly affect the business portfolio transformation:

- (1) Towards expansion in the Industrial area
- (2) Towards transformation in the Printing area
- (3) Towards the business portfolio of the future, and the supporting theme for these three,
- (4) Management foundation transformation for a sustainable future.

In terms of business portfolio transformation, we are moving forward with a plan to expand the sales revenue of the Industrial area, which currently accounts for approximately 30% of total sales revenue, to approximately 40% by FY2024, then to approximately 50% by FY2030. Meanwhile, in the Printing business, which currently accounts for more than 50% of total sales revenue, although the percentage will decline in the future, we plan to maintain the scale of sales revenue by reforming our business model

and continue to grow as a conglomerate that operates in both the Industrial and Consumer areas.

Furthermore, we are also actively making forward-looking investments to create new businesses that will fuel Brother's value creation in the future, regardless of whether they are in the Industrial or Consumer area. [See pages 24-25.](#)

<Business Portfolio Transformation>

In FY2022, the first year of "CS B2024," we faced major changes such as the easing of travel restrictions caused by the COVID-19 pandemic, continued uncertainty in the global political and economic situation due to the prolonged Russian invasion of Ukraine, and the consequent sustained price hikes in resources and materials as well as the record depreciation of Japanese yen. Since the Industrial area in particular has characteristics that are easily affected by the economy, it is important for us to grow consistently and not be affected by short-term ups and downs.

Despite these major changes, each business is steadily advancing its initiatives under the strategic themes of "CS B2024.;" (1) Towards expansion in the Industrial area [See page 20.](#) and (2) Towards transformation in the Printing area. [See page 21.](#)

We aim to achieve 100 billion yen in sales revenue in the Industrial Equipment Business in FY2024. [See page 20.](#) In FY2022, we introduced many new models, and with our broad lineup, we were able to meet various machining needs of our customers, including the machining of large parts for EVs. At the same time, we are strengthening our manufacturing and sales frameworks, and have decided to construct a new factory in India. We are also expanding our human resources by strengthening our sales and service facilities in China, India, and Japan, which are our priority sales regions.

In the Domino Business, sales revenue exceeded 100 billion yen for the first time in FY2022. In the field of digital printing, new products equipped with Brother's print heads began to reach our customers, and sales and service activities, which had been restricted by the COVID-19 pandemic, have become more active. In the area of Coding and marking (C&M) equipment, we are aiming to further increase customer value and expand sales by providing products and solutions that enable labor saving and factory line automation.

In the P&S Business, we are meeting customer needs for even speedier printing through the development of new technologies, such as A3 inkjet All-in-One printers for business use equipped with newly developed print heads. To shift to a business model that connects with customers, we are also expanding our Managed Print Service (MPS), mainly in Europe, and are also strengthening subscription services in the United States and Europe. By strengthening production operations, including the construction of a new factory for inkjet products in the Philippines, we aim to achieve sales revenue of 430 billion yen in FY2024.

[See page 21.](#)

Under the strategic theme (3) Towards the business portfolio of the future [See page 22.](#), we aim to create new businesses that help address materialities, such as businesses that support the productivity and creativity of workers and businesses that help protect the earth, and seek new business opportunities.

For example, our spot cooler "Pure Drive" uses Brother's unique two-stage cooling system with a heat exchanger and cooling elements to achieve excellent cooling effects, despite using evaporative cooling, and can cool only the necessary areas. We expect future demand for this product for its ability to contribute to solving social issues such as reducing CO₂ emissions and improving the working environment.

We also believe that "BuddyBoard," a notebook application for iPad that allows users to share what they have written in the application in real time, can be used in situations such as when discussing how to launch a new model at an overseas manufacturing facility while in Japan, and will greatly contribute to the efficiency of business operations.

Creating a new business is not easy, but we will strive to survive as a business through many trials and errors.

<Management Foundation Transformation for a Sustainable Future>
To support business portfolio transformation, theme (4) Management foundation transformation for a sustainable future [See page 22.](#) is also important, with undertaking environmental efforts towards carbon neutrality and enhancing and expanding connections with customers positioned as key measures.

With regard to carbon neutrality, as mentioned above, we are reducing CO₂ emissions through energy-saving and

energy-creating activities at manufacturing facilities and product performance improvement in order to achieve our 2050 target. To enhance and expand connections with customers, we are also working to transform our business model to accommodate each business, such as through the development of subscription services.

However, in order to realize management foundation transformation, we believe that merely continuing the digitalization that has been done up to now is not enough, and that further transformation is necessary. This transformation is our digital transformation (DX) strategy, which we are currently focusing on with the three major themes of "Business DX," "Operational DX," and "DX Infrastructure Building." As DX accelerates worldwide, we will continue to actively engage in IT training in order to develop more AI-savvy talent within the company, thereby enhancing BIL's competitiveness in the market and contributing to individual growth through improved capabilities.

[See page 33.](#)

By creating new businesses that will help to address materialities and by further evolving Brother's strengths, we will broadly explore businesses that support the productivity and creativity of workers and business opportunities that help protect the earth, while advancing and expanding the range of applications of inkjet-based printing technology in both the Industrial and Consumer areas.

<Strengthening Human Resource Development>

The Brother Group has always placed importance on our employees since our foundation, and we have been committed to creating work for people wishing to work and creating factories with pleasant atmospheres as stated in our Spirit of Foundation. In order to realize a business that is close to our customers, it is essential to improve the capabilities of our talent. People will not grow without the effort of the organization. In order to develop our talent, we have created a system that allows people to challenge themselves and learn from their experiences, and then share those experiences through means such as weekly reports so that others can learn from them and enable mutual growth quickly. Although there is only so much one person can do, I am convinced that by bringing together many experiences, new value can be created.

In order to create a corporate culture in which employees can fully demonstrate their abilities and work with more motivation under any circumstances with the spirit of "At your side.," BIL is shifting to a human resource system that focuses more on people from FY2023. We will encourage employees to take on challenges and improve employee engagement by supporting the true autonomy of employees, enhancing the development and reskilling of talents in the Industrial area and DX, and developing a culture that allows every individual to play an active role.

We will continue to maintain our strengths in terms of our talents and organization, while changing what needs to be changed, in order to maintain a higher level of employee engagement. [See page 34.](#)

In April 2023, we formulated a new Human Resource Policy. Under this policy, we will carry out talent development and various HR measures, including a new HR system.

[See page 32.](#)

<Financial Policy>

Under "CS B2024," we have set performance targets of 800 billion yen in sales revenue, an operating profit ratio of at least 10.0%, and a return on equity (ROE) of 10.0%.

[See page 19.](#) In order to carry out the strategy of "CS B2024" as planned, we are making effective use of capital

and actively pursuing prior investments for the future aimed at business portfolio transformation and management foundation transformation for a sustainable future in addition to the usual investments necessary for business continuity.

We will also make strategic investments such as M&A, strengthen our environmental initiatives, invest in DX to enhance our connection with our customers, and invest in plants that will contribute to a stronger supply chain while adhering to our policy of investing in what is necessary to enhance manufacturing and sales capacity for the expansion in the Industrial area and the transformation in the Printing area.

Based on this financial policy, we will conduct management conscious of cost of capital, return on investment, and stock price.

Message to Our Stakeholders

As President, what are your plans for improving Brother's corporate value?

Brother has always been transforming its business to meet the needs of the times in the spirit of "At your side." and has increased the ratio of overseas sales by launching into the global market from early on. Brother has also been one of the most unique companies in that it has been upgrading a variety of proprietary technologies, which were developed through in-house production of various types of printing engines. The speed of product development by manufacturing companies amid the increasingly fierce global competition, in other words, the speed at which customer needs are incorporated into products, is remarkable.

In order to survive in a fiercely competitive environment, the Brother Group will continue to be committed to the spirit of "At your side.," while making the most of the six capitals [See page 14.](#) and the strengths of our variety of unique technologies and global network that we have developed over the years, while implementing our unique management

system, Brother Value Chain Management (BVCM) at an even faster rate in order to incorporate customer feedback into product development and improvement. While we are taking on the not-so-easy task of growing our Industrial area and new businesses while maintaining our performance in the Printing area under the current "CS B2024," we are steadily implementing various measures, such as adopting and refining more advanced IT technologies, to speed up our transformation and continue to provide excellent value to our stakeholders.

The spirit of "At your side." which places customers first in every situation, is our corporate philosophy and management strategy itself. We will continue to pursue value creation to achieve our Vision, aiming to be a company that our customers appreciate and consider indispensable, and taking pride in our contributions to society and people. To our stakeholders, we hope that you will look forward to the future of the Brother Group.

Profile of Ichiro Sasaki



Ichiro Sasaki is affectionately called "Ichiro-san" by employees, [See pages 35-39](#) and always takes the stairs to his desk on the 6th floor. It is also Ichiro's style to work standing up in the office, which he does to remember the efforts of the employees who support production at the plants, maintain his health, and help him come up with ideas. He plays a role model for the implementation of the "At your side." spirit, which involves thinking from the customer's point of view, and holds more than 270 dialogues a year, including one-on-one meetings and discussion groups. As he climbs those stairs, as he walks, his mind is constantly questioning how to respond flexibly and quickly to social changes, how to encourage employee growth, and how to implement BVCM at high speed.

[Directors, Corporate Auditors, and Executive Officers](#)
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