

Corporate information

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

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Integrated Report 2024

BROTHER INDUSTRIES, LTD.

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

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Comments on Issuance of “Integrated Report 2024”



Kazufumi Ikeda
Representative Director & President

This is the “Integrated Report 2024” of the Brother Group. In this report, we have expanded upon the information we disclosed last year in the Integrated Report 2023 with more emphasis on the Brother’s identity and ease of understanding, to help our shareholders, investors, and other stakeholders deepen their understanding of the Group’s medium- to long-term value creation.

Since its foundation, the Brother Group has aimed to help customers improve their productivity and unlock their creativity. With this in mind, we have conducted our business activities in the spirit of “At your side.” In Integrated Report 2024, we clearly describe how we are enhancing our corporate value over the medium to long term by investing various resources of our Group and leveraging our strengths and business models within our value creation process and based on the spirit of “At your side.” This report provides not only the progress but also the issues and countermeasures regarding our business strategy, management foundation transformation and materiality in “CS B2024,” our medium-term business strategy formulated by backcasting from the Brother Group Vision of “At your side 2030.”

In compiling the report, each department collaborated with each other while referring to documents including the “International Integrated Reporting Framework” proposed by the IFRS Foundation and the “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” proposed by the Ministry of Economy, Trade and Industry (METI). Furthermore, to properly fulfill our accountability to investors and other stakeholders in publishing the Integrated Report, the contents of the Integrated Report are approved in two stages—at the planning stage and prior to disclosure—by the Sustainability Committee, for which I serve as the chairperson. Our internal auditing departments also monitor the approval process at each stage of planning, production, and disclosure to ensure that it is appropriate. I hereby declare that the creation process and the content of the report are proper and fair.

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

November 2024



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

Concept behind the Cover

In line with the medium-term business strategy “CS B2024” formulated by backcasting from the Brother Group Vision “At your side 2030,” the cover illustrates a door leading to the future gradually opening each year since the first year, FY2022. For FY2024, the theme colors we set for respective businesses are used to express the hope that lies beyond the door, depicting the progress of “CS B2024” and the growth of the Brother Group.



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Major feedback given on Integrated Report 2023 during institutional investor meetings and sections where the feedback was reflected in this year’s report

Major feedback	Details of improvement	Relevant pages
● I want to know the challenges you face and your solutions to them in addition to the progress of your management strategy.	● Not only progress but also challenges and solutions are described concerning each strategic theme.	▶ pp. 18–23
● I want to understand the risks and opportunities in each business and know the measures you are taking.	● In addition to the respective businesses’ strengths and challenges, the risks and opportunities they face are described in the part dedicated to each of them in the “Business Strategy” section	▶ pp. 26–31
● I want to know about your strategy for human capital, which is the source of the creation of competitive advantage and corporate value.	● Human capital policies, initiatives, and challenges are mentioned in the “Human Capital” section and the “Round Table” article.	▶ pp. 32–37
● I want you to show not only the advancement and functions of governance but also the challenges you face and the improvements you have made.	● Governance challenges and challenges related to sustainability targets are mentioned.	▶ pp. 46 and 60

Editorial Policy

The “Integrated Report 2023” is designed to explain Brother Group’s medium- to long-term value creation by integrating financial and non-financial information and to communicate a story of sustainable value creation unique to Brother to as many stakeholders as possible in an easy-to-understand manner. In editing the report, we referred to the METI’s “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” and the IFRS Foundation’s “International Integrated Reporting Framework.”

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

[Brother Corporate Information](https://global.brother/en/corporate) <https://global.brother/en/corporate>

Period Covered by the Report

The report mainly covers FY2023 (from April 1, 2023 to March 31, 2024). It also includes some information for the period from April 2024.

Companies Covered by the Report

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



Brother Group Vision At your side 2030

Our Purpose

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

Our Approach

We identify and eliminate barriers to customers’ success by utilizing our unique technologies and global network.

Our Focus Areas

- Industrial - Become a trusted, invaluable solutions partner.
- Printing - Continue leading print innovation and pioneering new offerings.

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

Since its foundation in 1908 as a sewing machine repair business, the Brother Group has pursued the diversification and globalization of business in its history of 116 years. Underlying our activities at all times is the prompt provision of superior value based on the “At your side.” spirit, which always places our customers first. We believe that being useful and bringing joy to our customers through the Brother Group’s products and services will bring us happiness. Going forward, we will continue to utilize our unique technologies and global network to create value that is distinctive to Brother. We will also contribute to society and help to protect the earth by working to solve social issues through business.

The Brother Group Global Charter

With the spirit of “At your side.”, Brother conducts management with an emphasis on sustainability to create social value through its business. The foundation of this is the Brother Group Global Charter (Global Charter), which is the cornerstone of all Brother Group activities and consists of Basic Policies and Codes of Practice for the day-to-day decision-making and implementation by Group employees. The Global Charter has been translated into 29 languages and shared so that all employees in more than 40 countries and regions can correctly understand and remain aware of it.

 The Brother Group Global Charter <https://global.brother/en/corporate/principle>




Brother Group Vision “At your side 2030”

“At your side 2030” is Brother’s Group Vision, which expresses the significance of Brother’s raison d’être and value proposition to society for FY2030. We seek to contribute to society, help to protect the earth, and achieve sustainable growth by expanding customer value based on the spirit of “At your side.”

 Brother Group Vision “At your side 2030” <https://global.brother/en/corporate/vision>

Brother Group Medium-Term Business Strategy “CS B2024”

In order to realize “At your side 2030,” the Brother Group implements the medium-term business strategy “CS B2024,” which focuses on the transformation of its business portfolio and management foundation for a sustainable future, as well as initiatives to resolve materiality at the core of the strategy. “CS B2024” promotes four strategic themes toward business portfolio transformation: 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, which aims at supporting 1) through 3) above.

 See pages 17–25.

Materiality

We have identified materialities as the key social issues to achieve “At your side 2030” and “to contribute to society and help protect the earth”. We have positioned addressing these issues as a key management issue during the “CS B2024” period.

 See the bottom of pages 18–19.

Message from the President

Brother's Strength Lies in Corporate Culture of Open-mindedness Toward Further Transformation through Flexible Responses to Changes in the Times and the Environment

Kazufumi Ikeda
Representative Director & President



Brother Group's corporate culture

You were appointed as President in June 2024. What is your view on Brother's corporate culture?

I joined Brother Industries Ltd. (BIL) in 1985. I chose Brother for two reasons. One reason was that I felt that it had a corporate culture of freedom. My job interview was done in a very relaxed atmosphere, so I remember being able to say exactly what I wanted to say. I felt this atmosphere after joining the Company as well. Even now, I feel that relationships between superiors and subordinates in the Company are friendly and that the Company has a corporate culture of open communication. I believe that this open-mindedness is the very DNA of Brother, in which one of its strengths lies, and has served as a driving force behind its ability to change its business in response to changing times and environments without being afraid of transformation. I have also grown up in this culture of open-mindedness.

However, in the process of Brother's growth into a larger company, it may have lost some of this good quality. I personally do not really feel that the corporate culture has been changing, but it seems that some employees, especially young ones, feel that management is far away from them. It is certain that it is becoming harder for their voices to be heard.

I want to change this situation even just a little, so I deliver my casual messages on my internal blog. I want to always treat all people impartially, and I hope that employees treat me the same way. In my blog, I tell employees not to be formal in front of me just because I am the president, but to be sufficiently honest and open to share their views and questions with me.

The other reason I joined the Company was that I thought I would be able to work outside Japan and achieve personal growth. At that time, Brother was already expanding its facilities abroad, so I felt it was the perfect choice for me because I wanted to work outside Japan, though I wasn't good at English. I have so far worked overseas for a total of 11 years, including four years in Germany and seven years in the U.S., which later enabled me to notice important things. One of Brother's strengths lies in its global network. As global Team Brother, we are able to grow by building trust and sharing our knowledge base with each other.

What is your mission as the leader?

I have two missions. One of them is to ensure that business portfolio transformation [See page 17.](#) will be completed successfully. Over the past 30 years, Brother has grown significantly as sales of its consumer printers and all-in-ones have expanded. However, an expected decrease in printer printing volume due to a shift to paperless lifestyles and work styles requires us to establish new pillars for growth. "At your side 2030," our Group Vision toward FY2030 [See page 3.](#), declares that we aim to increase the percentage of sales in the industrial area to about 50% by FY2030 [See page 17.](#). To realize the Vision, we have defined "expansion in the industrial area" as one of our key priorities [See page 20.](#) in our medium-term business strategy "CS B2024" [See page 17.](#).

The other mission of mine is to build a foundation for human resources who can successfully complete business portfolio transformation. Growth in the industrial area in particular requires us to acquire and redeploy a wider variety of human resources than ever before. Needless to say, not only the business departments but also the headquarters departments that support them must change. At the same time, we must strengthen our efforts in succession to younger generations. This is an important management challenge that Brother should solve to achieve sustainable growth. Sudden succession to a younger generation would cause chaos, so I must play a role in ensuring that the succession process will unfold smoothly without any disruptions. The key to achieving this is not only to develop next-generation management talent but also to develop a wide range of generations of human resources: two generations who follow the next.

In terms of human resource development, diversity is an important keyword. However, diversity is not an end in itself. For our generation, what we had to do in business management was clear, so the homogeneity of employees in terms of thoughts sometimes made things efficient. Today, with the increasing uncertainty in the world and the growing number of tasks we must perform, the range of options becomes limited if many people share the same opinions. We need diverse staff members to ensure a diversity of opinions. It is certainly important to appoint women and people from outside Japan to important positions, but I place higher importance on the diversity of thoughts than categorical attributes. For example, there are various ways of thinking; some people are product-oriented and others are service-oriented, while some others are design-oriented. I hope that

we will be able to combine various ideas.

Meanwhile, we are essentially a manufacturing company, so it is also important for us to hand down the knowledge and know-how in development and manufacturing that we have so far accumulated. Last year, we made major changes to our human resources systems, including replacing the position-

based grading system with a role-based grading system, to facilitate the early selection and promotion of competent younger staff [See pages 32-33.](#) I hope to enhance our system operations in view of firm and steady establishment of the systems across the Company and the purpose of the system change, rather than changing things hastily.

Brother's business models and core competencies

Please tell us about the business models that have enabled Brother to demonstrate its strengths for many years.

There are two main patterns of success in our business. One of them can be said to be Brother's standard style, where the Company repeats a process of making a later entry to an industry in which the market and customers are already established, setting clear targets, providing products quickly, receiving feedback, and reflecting it in the next model, thereby exploring a share in the market. Typical examples of the fields where we followed this pattern include fax machines, for which we formerly held a large market share both in and outside Japan, and printers and all-in-ones, which are the Company's current main business.

For example, in the case of all-in-ones, major office equipment manufacturers already had a large share of the market. Therefore, we targeted small offices and home offices (SOHO) and sold compact all-in-ones that combined five functions compactly—the fax, copying, printing, scanning, and phone functions—at mass retailers specializing in office supplies. This allowed us to obtain a large number of customers and even to be called the “pioneer in compact all-in-ones,” resulting in the advantage we have maintained to date.

Similar things occurred in the field of machine tools as well. We have been dealing with small machine tools called “BT30 spindle machines” for many years. The origin of Brother's machine tools business was its in-house manufacture of sewing-machine processing machines for use in its own factories. Brother later began to sell them outside the Company. Even back then, our products featured compact size and energy-saving capacity, and we are now actively expanding our business into adjacent fields while strengthening our lineup based on the markets where Brother has strengths [See pages 28-29.](#) In expanding our business, we are not forcing ourselves to expand into isolated areas, but are instead formulating strategies that are thoroughly focused on the needs of our customers.

The second pattern is to learn from failure. Examples of the fields where this pattern worked include online karaoke

and labeling systems. Brother once developed a vending machine that could download PC game software using communication lines, but sales were poor, so it explored other ways of using this system in other ways. This is how the Company came up with online karaoke. This shift to the idea of sending music data using communication lines enabled us to develop a system that could a larger number of songs earlier than laser disc karaoke systems available at the time, which sparked the karaoke boom of the time.

Also, around the time I joined BIL, the Company launched the Japanese word processor “Picoword,” which was the first in the industry to be priced at below 100,000 yen and became very popular in the market. However, major home appliance and office equipment companies then suddenly entered the word processor market, and we lost out in the price war, resulting in a decline in sales. Under these circumstances, we found through research that a certain number of our customers were using word processors to print labels on cassette tapes and video tapes. This made us believe that if we created a product dedicated to printing on label tapes from the start, it would sell well, so we proceeded with development. When Brother finally commercialized a labeling system, the Company discovered that there was actually a greater demand for labels to stick on the spines of files in offices than for cassette tapes. Sales of this product expanded rapidly from that point on. The labeling system was the very starting point for Brother to establish its consumables business.

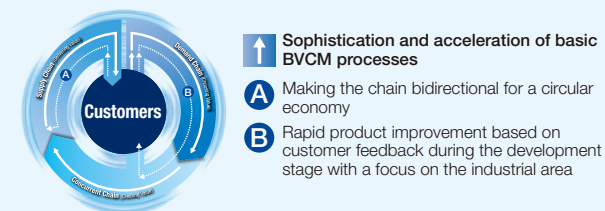
Thus, Brother is not a company that has consistently achieved success by commercializing groundbreaking technology-oriented inventions. Commonalities between these two patterns of success include rapid product development through a customer-centric approach and, in many cases, global product distribution. These are the methods that Brother has developed over its long history.

Brother has the spirit of “At your side.”—the company spirit that places our customers first in every situation, every time [See page 2.](#) We also have a unique management system called “Brother Value Chain Management (BVCM)”

[See page 23.](#), which allows us to quickly create and provide excellent value. This system is underpinned by the spirit of “At your side.”

BVCM consists of three components: the Demand Chain, Concurrent Chain, and Supply Chain. In the Demand Chain, we select the value that customers truly want from the various kinds of value that we can provide. In the Concurrent Chain, Development, Design, Quality Control, and other departments unite to create value, while in the Supply Chain, we materialize the value and provide it to customers. The way we achieve this is extremely unique. Not only does it involve horizontal collaboration between departments within the Company, but it also involves and enlists the help of business partners, such as parts suppliers, to further power and speed up development. In addition, these chains are not separated but highly coordinated, and all parties involved work simultaneously in one project. Therefore, with little disagreement between departments, we can make these chains work at a very fast pace.

Evolution of BVCM



On the other hand, please tell us what changes Brother needs to make in the future.

BVCM is a system that has long supported Brother's growth. We are evolving it so that it can be utilized in the same way to provide value to customers in the industrial area, which we are aiming to significantly expand in the future. The current BVCM has additional features, such as rapid product improvement based on customer feedback during the development stage, which is important in the industrial area. We hope to successfully incorporate BVCM into our business in the industrial area, where every single product requires customization. In addition, our initiative to make the chain bidirectional for a circular economy is now also part of BVCM. We are considering how to provide total value to our customers by implementing this initiative. Just as we have so far done with BVCM, we need to conform with the spirit of “At your side.” in our efforts both to serve the industrial area and to realize a circular economy.

For resource circulation, we will promote the expansion of circular-economy-based businesses and resource recycling. Achieving this requires us to not only change the design



concept of our products but also consider how to collect them. Therefore, we will move forward boldly and steadily.

The next thing I would like to mention is digital transformation (DX). We are focusing on three major themes to promote business portfolio transformation and management foundation transformation. The first theme is Business DX, which involves utilizing digital technology to strengthen connections with customers and using the data obtained through the connections to further enhance customer value. The second is Operational DX. To build a resilient and sustainable supply chain, we are creating a system for constant, end-to-end supply chain monitoring, under the slogan of “connected, visible and never-stop factories.” The third is DX talent development, which is aimed at achieving the two above. AI is already being used in software development, operational reforms, and the automation of routine work, but we are promoting the development of talent necessary to further evolve it [See page 22.](#) Moreover, achieving dramatic business growth requires us to effectively utilize AI and digital technology, so we are also working to build a system that allows human resources with a wealth of knowledge, experience, and ideas to lead the use of AI and digital technology.

Finally, I would like to mention M&A. This is merely a means, not an end in itself. The most important condition for M&A is that we have a solid vision for post-acquisition strategy. No matter how different the parties involved are in terms of their values and corporate culture, M&A will be successful if there is mutual trust between them so that they are confident that they will be able to work together through post-merger integration (PMI). In the past, the emphasis was

on starting up as a collaboration and getting to know each other over the years. However, I recognize that the shelf life of strategies is becoming shorter these days. Today, things often can be meaningful only if they are done immediately at the right moment. Therefore, quick decisions and action

Progress and materiality of the medium-term business strategy “CS B2024”

Please tell us about the achievements of CS B2024 and the challenges therein.

Thanks to the weak yen, we expect to exceed the numerical targets set in our medium-term business strategy [See page 19.](#) However, the slowdown in the Chinese economy was greater than expected, having a major negative impact on some of our businesses. It had a particularly massive impact on the Industrial Equipment Business [See pages 20 and 28-29.](#) However, we are now completely ready to make a strong start when the market recovers. Since FY2022, we have significantly strengthened our product lineup by launching 10 new machine tool models.* We have also opened five technology centers and seven business sites/sales offices in our priority regions of China, India and Japan. Our new factory in India has also been completed, and preparations are underway to start operations in December 2024.

The Domino Business Division [See pages 20 and 30.](#) recorded partial impairment losses on goodwill for the second consecutive year. The key factor behind the losses was the impact of interest rates and exchange rates, but another factor was that the market transition from analogue to digital printing was slower than expected. Meanwhile, sales of coding and marking equipment are growing even on a local currency basis, and we are introducing new products and applications to the market.

In the P&S Business [See pages 21 and 26-27.](#), the market is shrinking due to the shift to paperless lifestyles and work

are required. In addition, combining Brother's unique value creation capabilities with those of other companies may help eliminate the barriers that customers have faced that Brother could not eliminate alone. We will continue to proactively consider M&A opportunities in the future.

styles. Nevertheless, sales of consumables are relatively strong as customers are using products for longer periods and the number of units in operation in the market is maintained. From now on, we will further strengthen measures to connect directly with customers and focus on acquiring customers with high print volumes by offering consumables and services on a pay-as-you-go basis, automatically delivering consumables and making proposals based on customer usage.

* New products launched during FY2022 and FY2023, excluding loading systems

What is your view on materiality?

Our five current materialities [See pages 18 and 19.](#) have been identified from among the social issues we selected based on the SDGs that Brother values. Although they seem reasonable and easy to understand, we are re-examining their importance and impact on society in the belief that materialities should cover both solutions to social issues and value creation through business. We must consider from the perspectives of what Brother values, what value we can provide, and what risks we face. For example, one of our current materialities is “Realizing a diverse and active society.” This seems to me to be a very good item, but I recognize that there is a certain degree of ambiguity about what specific social value Brother can provide. We will work to clearly explain what value we can create and provide to society by resolving the materialities.

through business growth. We will also enhance shareholder returns, including dividends, and increase management transparency by clarifying and addressing business and financial risks that could hinder the Company's sustainable growth. We will proactively communicate with the market about our future vision and current initiatives to foster expectations for us so that we will be able to achieve a higher

valuation from the stock market [See pages 24-25.](#)

As one of our specific initiatives, we are transforming our business structure with a focus on expanding the industrial area, and at the same time, we have introduced ROIC as an internal indicator to improve return on investment [See page 25.](#) We will use ROIC as a reference indicator to monitor the invested capital of each business, evaluate whether specific strategies and actions are appropriate in

consideration of the stage and characteristics, and make appropriate resource allocation.

In addition, for directors and executive officers, we have adopted a stock-based compensation system that uses share price-linked indicators for part of the remuneration for full-time directors with the aim of increasing corporate value over the medium term. We are thus creating a system for management that is always conscious of share prices.

Message to our stakeholders

How do you plan to engage with various stakeholders in the future?

Brother's corporate management is centered on its customers. The value creation process to deliver value to our customers is supported by collaboration with business partners. Brother will not change its stance of placing importance on engagement with global customers and business partners.

Moreover, in FY2024, we ran a special campaign to celebrate the 50th anniversary of the establishment of the Brother Employee Shareholding Plan, targeting employees of BIL and some Group companies. It helped increase the percentage of employees participating in the plan to 66.4%. Now that we feel confident that employees' interest in Brother shares has increased, we will continue to implement measures to promote employee engagement [See pages 32-37.](#), including measures similar to the abovementioned campaign.

We will also continue to actively engage in dialogue with shareholders, investors, and securities analysts and sincerely listen to their candid opinions and even harsh criticism. Up until now, Brother has mostly answered questions from shareholders and investors. However, from now on, we will also ask them questions and discuss with them why

they have invested in us and what we need to do to attract new investment. By doing so, we hope to deepen two-way communication with them and incorporate the opinions of shareholders and investors into our management.

This fiscal year is the final year of CS B2024, and we are currently formulating a new medium-term business strategy for us to execute from April 2025. In the process of formulating a new strategy, we will continue our efforts to engage in dialogue with many investors and increase corporate value from various perspectives.

When I was appointed as President, I carefully considered what I would value. Many ideas came to mind, but they can be summed up into the following three:

- The Brother Group will always be sincere in its dealings with customers and all other stakeholders.
- All Group employees worldwide will be able to be proud of their work and have great hope for the future.
- As a result, Brother will continue to grow as a trusted global company.

We will achieve these three goals and increase our corporate value over the long term, so we look forward to the continued support of all our stakeholders.

Profile of Kazutumi Ikeda

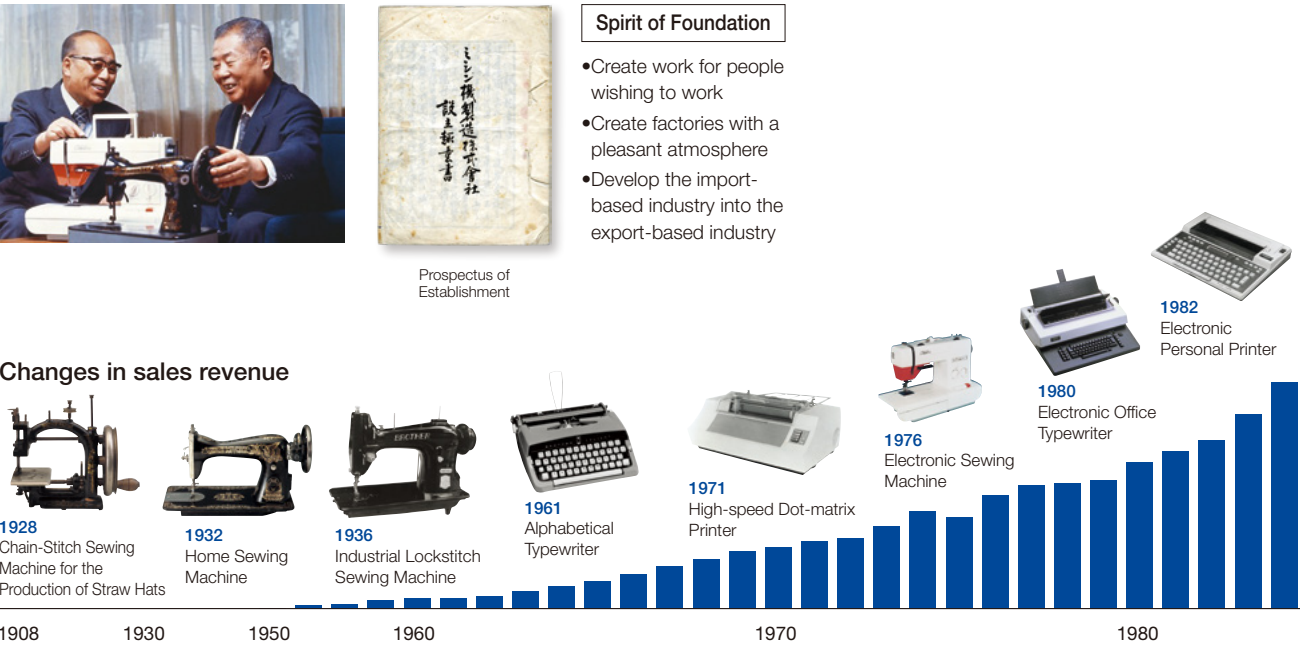


In his second year at the Company, he was in charge of product planning for the color copier “Renaissa,” and after it was commercialized, he was in charge of its sales in Japan. Although he made various efforts to acquire new customers, including cold calling, the Company withdrew from the business. He later gained experience in global sales and marketing, including working in sales of fax machines to Japan, China and other Asian countries and serving as Director & Executive Vice President of a German sales company and Director & President of an overseeing company in the Americas. During his days of working in Germany, he attended German language school on weekends and studied from scratch to master the language; his tireless efforts were even featured in a local newspaper. Originally from Kagawa Prefecture, he is a true connoisseur of udon noodles, a specialty of his home prefecture. His hobbies are golfing, watching movies and home vegetable gardening. He is an avid fan of the Japanese professional baseball team Hanshin Tigers.

Brother's History

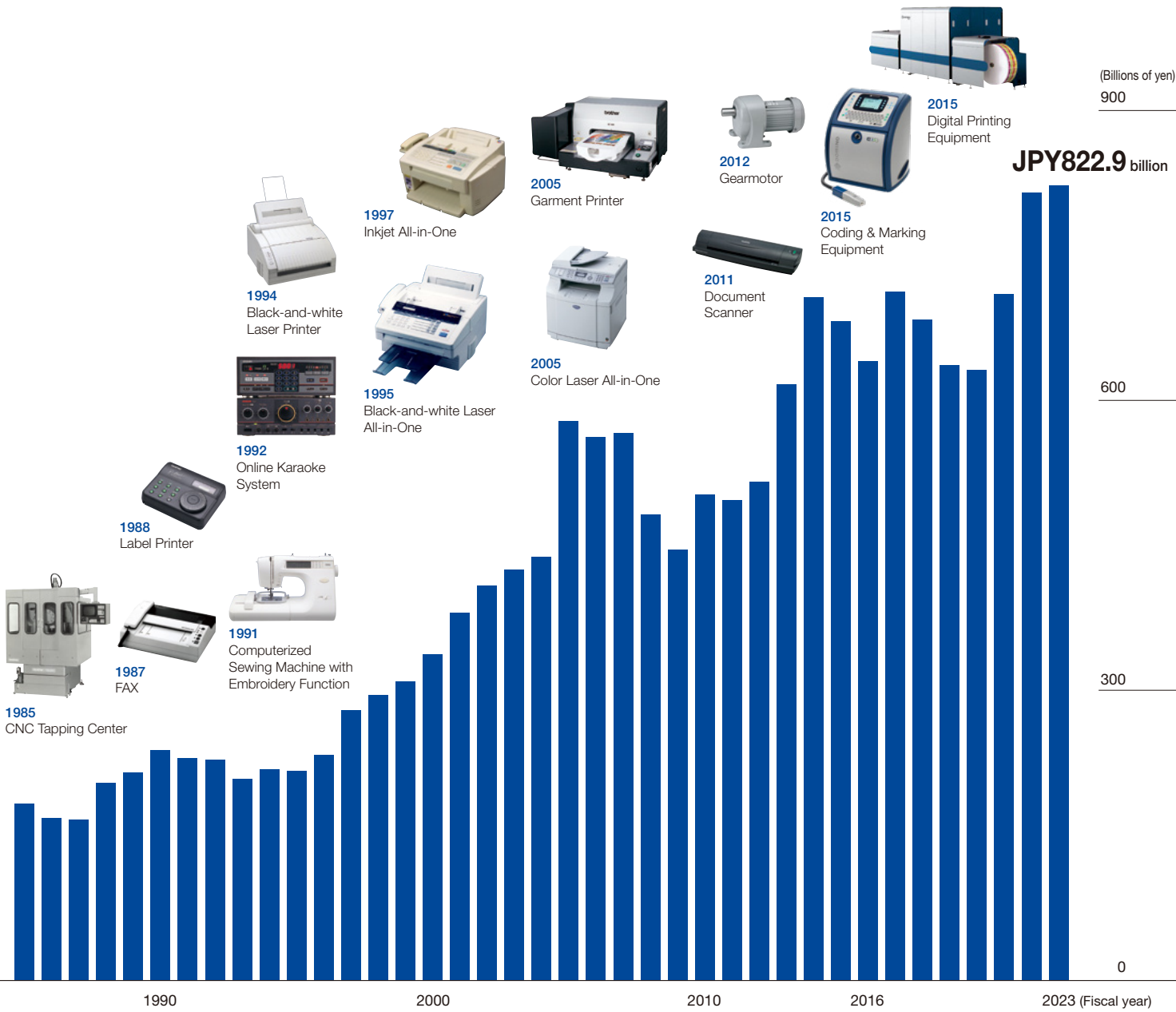
The Brother Group Has Followed a Trajectory of Business Transformation and Growth while Responding to Customer and Social Needs

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



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

From foundation	From 1960	From 1970	From 1980	From 1990	From 2000
<p>Diversifying Through Domestic Production of Sewing Machines and Applying Core Technologies</p> <p>Kanekichi Yasui, the father of the founding brothers, established a sewing machine repair business in 1908. At the time, Japan relied on imports for sewing machines, which were precision industrial products. With no work due to the recession, the eldest son Masayoshi, who was helping in the family business, made the decision to create work for people wishing to work, begin domestic production of sewing machines, and develop the import-based industry into an export-based industry. Joining forces, the brothers developed a chain-stitch sewing machine for the production of straw hats in 1928. In 1932, they completed development of the long-awaited domestic home sewing machine. Then, in 1947, the first sewing machine exports began. In 1954, they expanded overseas with the establishment of a facility in the United States. Utilizing technologies cultivated through sewing machines, they started diversifying and developed consumer electronics such as knitting machines, washing machines and vacuum cleaners.</p>	<p>Entering the Office Machine Field and Developing Machine Tools Refined Through a Philosophy of Independence</p> <p>In response to growing needs in the U.S. market, Brother began manufacturing portable typewriters in 1961. Receiving good reviews for price affordability and performance that was comparable to its competitors, they laid the foundations for Brother to become an office machine manufacturer. With the idea of making its own product-manufacturing machines, the company launched an external sales business for the machine tools it had been developing itself since its foundation. With outstanding machining performance, its tapping machines became a long-selling product. In 1966, it developed a calculator as its first product utilizing electronics technologies, which strengthened its position in the office machine field. While developing its own facilities in Europe, it expanded its overseas business through such moves as the acquisition of a major British sewing machine manufacturer in 1968.</p>	<p>Entering the Information Equipment Field and Promoting Mechatronics</p> <p>With the spread of compact computers (minicomputers), Brother noticed the limited choices available for printers that support those minicomputers, so it collaborated with venture company Centronics Data Computer Corp. in the United States to co-develop a high-speed dot-matrix printer in 1971. Developing this new market triggered a subsequent expansion of the information equipment business. Electronizing products one after the other, it launched the industry's first computerized home sewing machine in 1979 and an electronic office typewriter in 1980. Furthermore, it launched a numerical control machine tool into the machine tool field and pivoted to the mechatronics field, which combines mechanical and electronic technologies.</p>	<p>Acquiring Printing Technologies and Transforming Business</p> <p>In 1981, Brother rolled out a global brand strategy as an official supplier of the Los Angeles Olympics. Its unique products began to attract a lot of attention, including launch of the world's smallest personal printer utilizing thermal printing technologies in 1982, and the industry's first popular Japanese word processor in 1984. It was then able to apply the thermal printing technologies and kana-kanji conversion technologies cultivated through this development process to launch labeling systems in 1988. It was able to develop a new market under the P-touch brand. In response to trade friction and an appreciating yen, it expanded its production overseas. Starting to focus on business concentration and selection, Brother withdrew from the consumer electronics and musical instruments businesses and strengthened its investment in the information and communications equipment field instead.</p>	<p>Developing Online Karaoke Systems and Expanding Information and Communications Equipment</p> <p>Utilizing the content delivery technologies it cultivated through development of vending machines for computer software, Brother launched the industry's first online karaoke system in 1992. In the same year, it developed fax machines for the SOHO market that became a great hit for low prices and differentiated functions. In 1995, it launched a small All-in-One with fax machine, printer, copier and other functions condensed into one machine. Adding laser and inkjet technologies to its product lineup, Brother's business expanded rapidly as mass retail stores selling products to emerging business offices grew. Aiming to achieve optimal procurement and production globally, it began producing information and communications equipment in Asia as it went through a capital restructuring of its sales companies and integrated its manufacturing and sales functions.</p>	<p>Expanding Information and Communications Equipment and Strengthening the Business Portfolio</p> <p>In addition to China, Brother started producing in Vietnam and the Philippines and established a consumables recycling facility in Europe as part of efforts to strengthen its global production base. It also expanded its sales facilities and developed its business foundation globally. It dramatically expanded its business scale as well with a focus on information and communications equipment. In 2002, the company established its Medium-to Long-Term Corporate Vision. Then in 2008, it revised the Brother Group Global Charter, a foundation for all its activities, and embodied Brother's motto, "At your side," throughout its corporate culture. Through mergers and acquisitions, Brother added mobile printers, reducers, and other technologies to its business portfolio. Then in 2015, it acquired all shares in British company Domino Printing Sciences PLC and made its entry into the industrial printing business. It is now driving business expansion in the industrial field.</p>
<p>Cultivated competitive advantages</p> <ul style="list-style-type: none">▶ Spirit of foundation▶ Press-molding technologies and precision processing technologies▶ Brother's own overseas sales channels▶ Utilization of core technologies	<ul style="list-style-type: none">▶ Product development incorporating the needs of overseas customers▶ Development capabilities and mass production systems for the office machine field▶ Precision processing technologies for the machine tool field▶ Expansion of overseas facilities and market development capabilities	<ul style="list-style-type: none">▶ New business development capabilities through joint development▶ Dot impact printing technologies▶ Mechatronics technologies through electronization▶ Computer control technologies	<ul style="list-style-type: none">▶ Global branding▶ Thermal printing technologies▶ Responsiveness to exchange rate fluctuations, and local production capabilities▶ Information and communications technologies	<ul style="list-style-type: none">▶ Content distribution technologies▶ Electrophotographic technologies and inkjet printing technologies▶ Business partner collaborations▶ Global procurement and production system	<ul style="list-style-type: none">▶ Global business foundation▶ Established corporate culture of "At your side."▶ Strengthened business portfolio through M&A▶ Development and selling capabilities in the industrial printing field



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

Brother's Businesses

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

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

Business Segments		Sales Revenue Breakdown	Trend of Revenue & Business Segment Profits	Main Products												
<div>Printing and Solutions Business</div> <div>P&S</div> <div>See pages 26-27.</div>	<p>We provide a variety of solutions that meet the printing needs of customers. We support the continuously changing business situations of our customers through our compact printers and All-in-Ones, as well as a diverse lineup of label printers for both home and business use.</p>	<div><div>Sales Revenue Breakdown 62.6%</div></div>	<div><div>Communications and Printing Equipment (left axis)</div><div>Labeling (left axis)</div><div>Business segment profits (right axis)</div><table><tr><th>(Billions of yen)</th><th>2022</th><th>2023</th></tr><tr><td>Communications and Printing Equipment (left axis)</td><td>496.7</td><td>514.9</td></tr><tr><td>Labeling (left axis)</td><td>61.7</td><td>66.4</td></tr><tr><td>Business segment profits (right axis)</td><td>37.1</td><td>62.5</td></tr></table></div>	(Billions of yen)	2022	2023	Communications and Printing Equipment (left axis)	496.7	514.9	Labeling (left axis)	61.7	66.4	Business segment profits (right axis)	37.1	62.5	<div>Laser All-in-One</div> <div>Label Printer</div> <div>Inkjet Printer</div>
(Billions of yen)	2022	2023														
Communications and Printing Equipment (left axis)	496.7	514.9														
Labeling (left axis)	61.7	66.4														
Business segment profits (right axis)	37.1	62.5														
<div>Machinery Business</div> <div>Machinery</div> <div>See pages 28-29.</div>	<p>We contribute to improving the productivity of and creating new value for our customers through machine tools that are ideal for parts processing such as automobile and general machinery; industrial sewing machines that are easy to use, provide high-quality sewing and conserve energy; and garment printers that meet garment digital printing needs.</p>	<div><div>Sales Revenue Breakdown 9.4%</div></div>	<div><div>Industrial Sewing Machines (left axis)</div><div>Industrial Equipment (left axis)</div><div>Business segment profits (right axis)</div><table><tr><th>(Billions of yen)</th><th>2022</th><th>2023</th></tr><tr><td>Industrial Sewing Machines (left axis)</td><td>96.4</td><td>77.4</td></tr><tr><td>Industrial Equipment (left axis)</td><td>61.3</td><td>43.1</td></tr><tr><td>Business segment profits (right axis)</td><td>9.5</td><td>2.2</td></tr></table></div>	(Billions of yen)	2022	2023	Industrial Sewing Machines (left axis)	96.4	77.4	Industrial Equipment (left axis)	61.3	43.1	Business segment profits (right axis)	9.5	2.2	<div>Machine Tool</div> <div>Industrial Sewing Machine</div> <div>Garment Printer</div>
(Billions of yen)	2022	2023														
Industrial Sewing Machines (left axis)	96.4	77.4														
Industrial Equipment (left axis)	61.3	43.1														
Business segment profits (right axis)	9.5	2.2														
<div>Domino Business</div> <div>Domino</div> <div>See page 30.</div>	<p>We provide coding & marking equipment that prints information such as best-before dates and lot numbers on plastic bottles, cans and food packaging as well as digital printing equipment that responds to the need for a wide variety of product packaging in smaller quantities and shorter delivery times, contributing to ensuring consumer protection, traceability and improving productivity at factories.</p>	<div><div>Sales Revenue Breakdown 13.3%</div></div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><tr><th>(Billions of yen)</th><th>2022</th><th>2023</th></tr><tr><td>Revenue (left axis)</td><td>100.8</td><td>109.6</td></tr><tr><td>Business segment profits (right axis)</td><td>5.6</td><td>5.1</td></tr></table></div>	(Billions of yen)	2022	2023	Revenue (left axis)	100.8	109.6	Business segment profits (right axis)	5.6	5.1	<div>Coding & Marking Equipment</div> <div>Digital Printing Equipment</div>			
(Billions of yen)	2022	2023														
Revenue (left axis)	100.8	109.6														
Business segment profits (right axis)	5.6	5.1														
<div>Nissei</div> <div>Nissei</div> <div>See page 31.</div>	<p>We precisely accommodate diversifying customer needs in fields such as labor saving and automation, which are expected to grow, and contribute to customer value creation through gearmotors with a wide range of product variations, high stiffness reducers that are the driving force of industrial robots and factory automation equipment, and gears with high precision and quality.</p>	<div><div>Sales Revenue Breakdown 2.5%</div></div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><tr><th>(Billions of yen)</th><th>2022</th><th>2023</th></tr><tr><td>Revenue (left axis)</td><td>23.5</td><td>20.8</td></tr><tr><td>Business segment profits (right axis)</td><td>1.9</td><td>1.0</td></tr></table></div>	(Billions of yen)	2022	2023	Revenue (left axis)	23.5	20.8	Business segment profits (right axis)	1.9	1.0	<div>Gearmotor</div> <div>High Stiffness Reducer</div> <div>Gear</div>			
(Billions of yen)	2022	2023														
Revenue (left axis)	23.5	20.8														
Business segment profits (right axis)	1.9	1.0														
<div>Personal and Home Business</div> <div>P&H</div> <div>See page 31.</div>	<p>We make proposals for the joy of making things by hand with products and services that help customers demonstrate their creativity, such as home cutting machines, in addition to our leading products, home sewing machines. Our high-end sewing and embroidery machines utilize IoT to expand the new possibilities for handmade items.</p>	<div><div>Sales Revenue Breakdown 6.1%</div></div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><tr><th>(Billions of yen)</th><th>2022</th><th>2023</th></tr><tr><td>Revenue (left axis)</td><td>51.0</td><td>50.5</td></tr><tr><td>Business segment profits (right axis)</td><td>5.8</td><td>2.5</td></tr></table></div>	(Billions of yen)	2022	2023	Revenue (left axis)	51.0	50.5	Business segment profits (right axis)	5.8	2.5	<div>Sewing and Embroidery Machine</div> <div>Home Cutting Machine</div>			
(Billions of yen)	2022	2023														
Revenue (left axis)	51.0	50.5														
Business segment profits (right axis)	5.8	2.5														
<div>Network and Contents Business</div> <div>N&C</div> <div>See page 31.</div>	<p>We pursue the creation of new customer value by proposing services, products and content using the distribution technology that we have cultivated through online karaoke systems as well as by developing and providing "JOYSOUND," an online karaoke system for business use.</p>	<div><div>Sales Revenue Breakdown 4.6%</div></div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><tr><th>(Billions of yen)</th><th>2022</th><th>2023</th></tr><tr><td>Revenue (left axis)</td><td>35.3</td><td>38.1</td></tr><tr><td>Business segment profits (right axis)</td><td>0.5</td><td>1.6</td></tr></table></div>	(Billions of yen)	2022	2023	Revenue (left axis)	35.3	38.1	Business segment profits (right axis)	0.5	1.6	<div>Online Karaoke System for Business Use</div> <div>Entertainment Platform</div> <div>Video Viewing Service</div>			
(Billions of yen)	2022	2023														
Revenue (left axis)	35.3	38.1														
Business segment profits (right axis)	0.5	1.6														

The Value We Provide through Business

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

Solving customer's problems with high productivity and environmental performance

Brother Group Vision
At your side
2030

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

Filling people's hearts through creativity and fun

Brother's Value Creation Process

We Seek to Contribute to Society, Help Protect the Earth, and Achieve Sustainable

Growth by Expanding Customer Value Centered on the Spirit of "At your side."

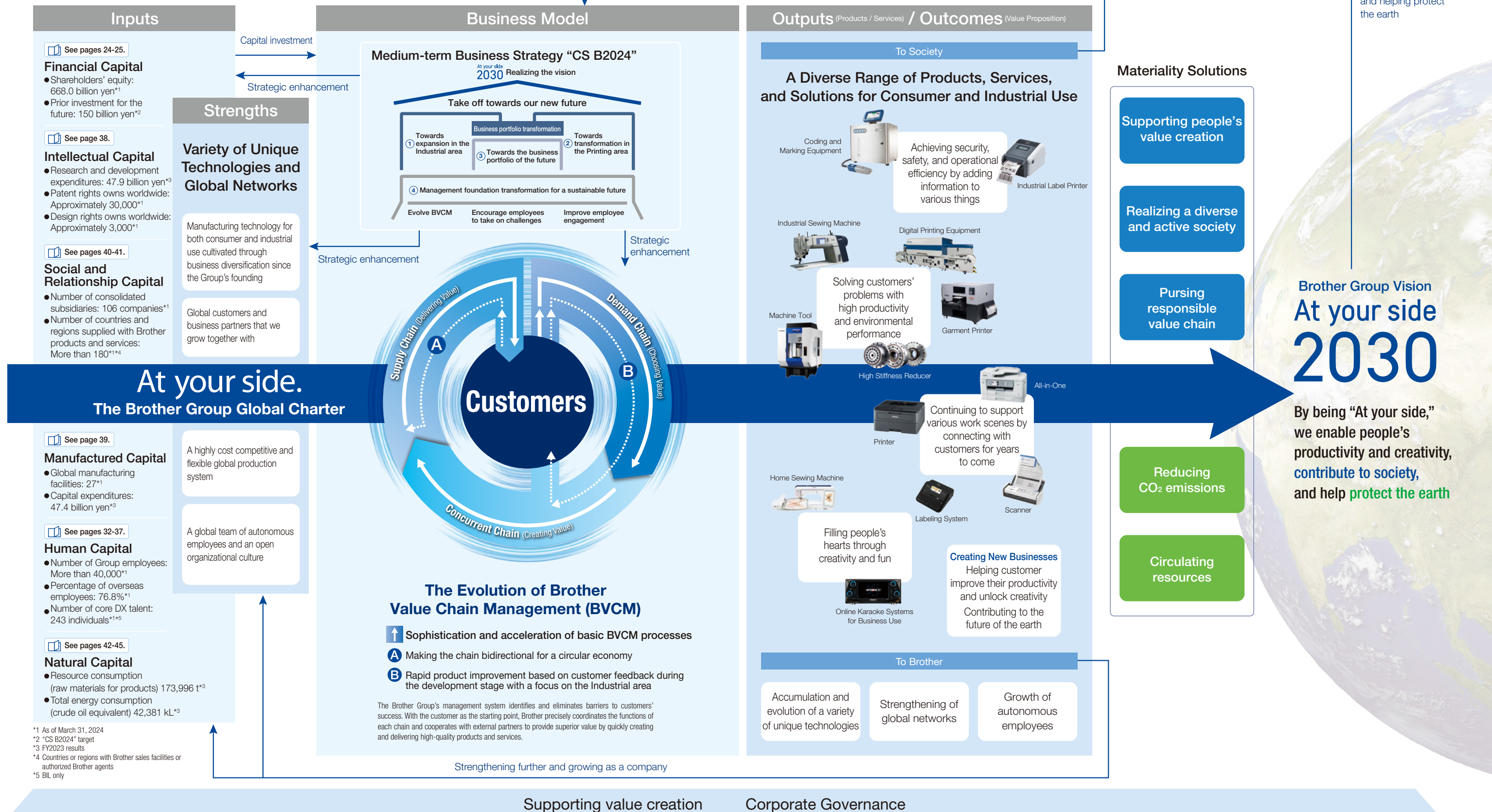
External Environment /

Social Issues

Identifying customer and social issues

Quickly providing superior value

Contributing to society,
and helping protect
the earth



Brother Group Vision
At your side
2030

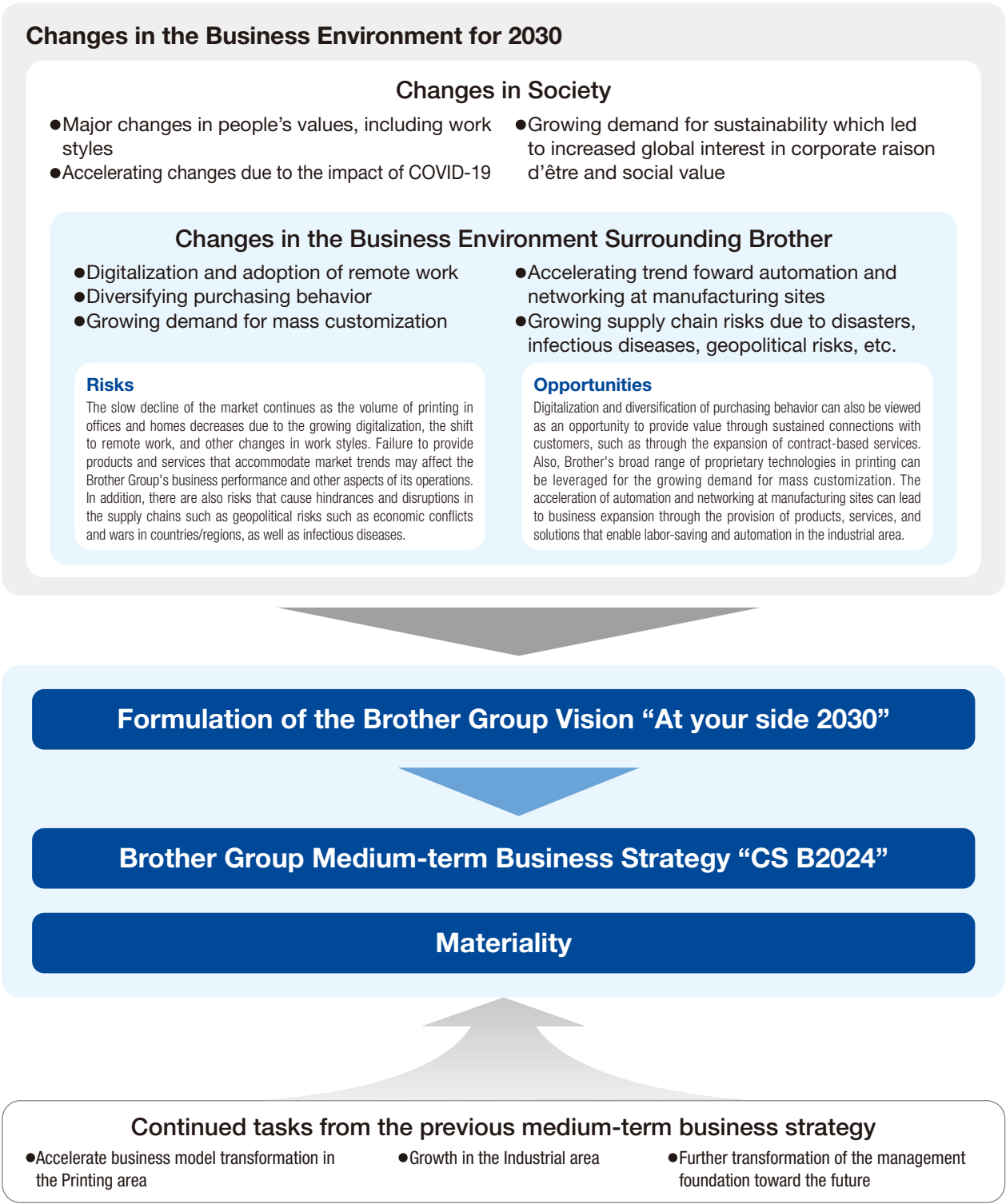
By being "At your side,"
we enable people's
productivity and creativity,
contribute to society,
and help protect the earth

Vision and Medium-term Business Strategy

Vision and Medium-term Business Strategy Overview, and Background to the Formulation

The Brother Group has formulated the Brother Group Vision “At your side 2030” based on the awareness of the business environment in 2030. And by backcasting from the 2030 vision, the Group formulated the medium-term business strategy “CS B2024” to realize “Our Purpose” stated in the Vision. Simultaneously, the Group established the goals for CS B2024 by identifying five materialities as key social issues that must be solved in order for the Brother Group to contribute to society and help protect the earth.

Understanding of the Business Environment and Incorporation into the Strategy Framework

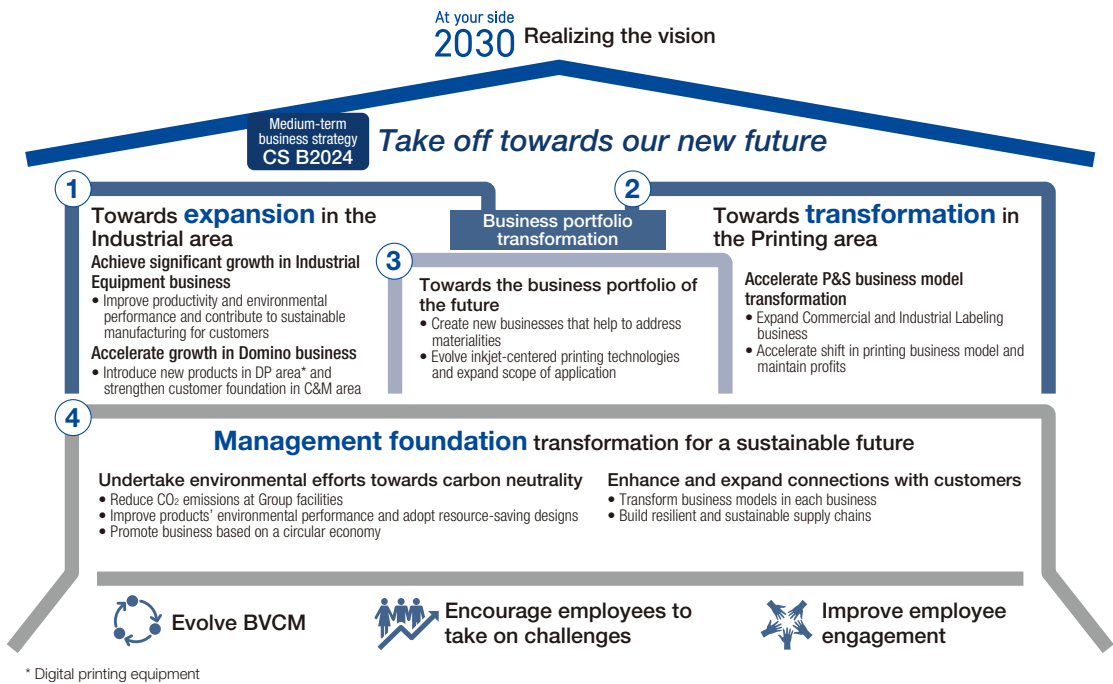


Medium-term Business Strategy “CS B2024”

In 2022, the Brother Group formulated its medium-term business strategy “CS B2024” by backcasting from its Vision “At your side 2030” and set “Take off toward our new future” as the theme to be addressed during the first three years of the period leading up to the realization of the Vision. Simultaneously, the Group established sustainability goals related to the five materialities identified as key social issues that need to be solved in order for the Brother Group to contribute to society and help protect the earth.

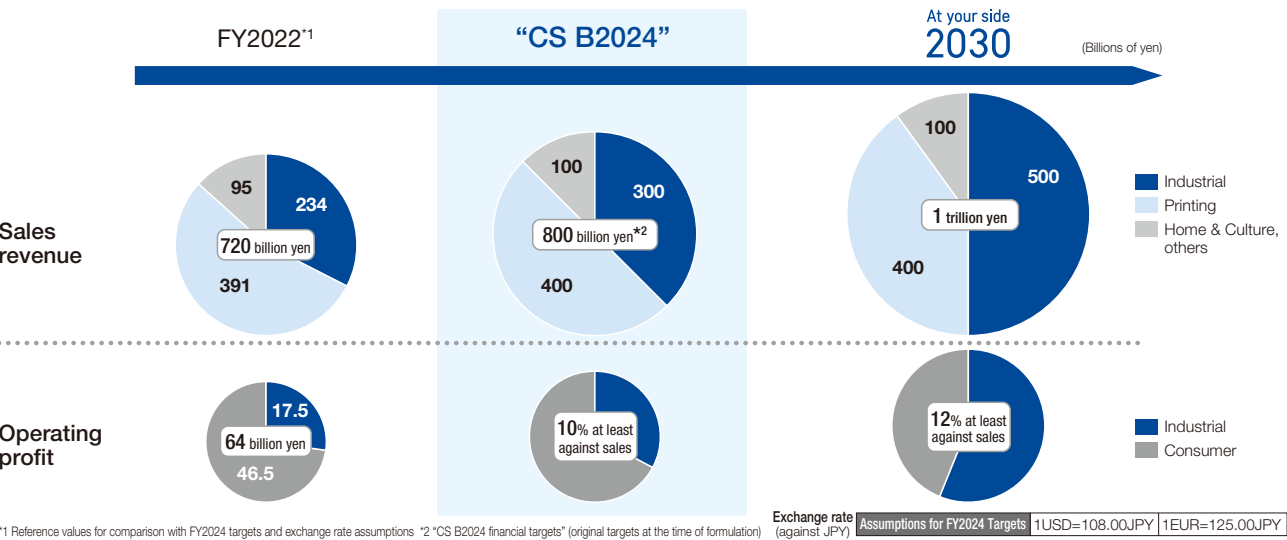
“CS B2024” outline

“CS B2024” promotes four strategic themes toward business portfolio transformation: 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, the Key Component of “CS B2024”

To continue growing as a multi-business enterprise in the industrial and consumer areas, we plan to expand the sales composition of the industrial area to approximately 50% in FY2030. Although the printing business's sales composition will decline, we will maintain its sales scale through business model transformation, including the expansion of businesses that continuously connect with customers.



Vision and Medium-term Business Strategy “CS B2024”

Financial Targets and Exchange Rate Conversion Reference Values

“CS B2024” sets three financial targets for sales revenue, operating profit ratio, and ROE. The exchange rate assumptions for the original targets at the time of formulation were 1 US dollar = 108.00 yen and 1 euro = 125.00 yen. However, since the announcement of "CS B2024" in May 2022, the yen has rapidly depreciated. If we convert the original targets at the exchange rates used in our full-year forecast for FY2024, which are 1 US dollar = 145.00 yen and 1 euro = 155.00 yen, sales revenue would increase by approximately 20%, but operating profit margin and ROE would remain almost unchanged.





























“CS B2024” financial targets [original]			“CS B2024” financial targets [exchange rate conversion reference values*1]		
Exchange rate assumptions 1USD=108.00JPY / 1EUR=125.00JPY			Exchange rate assumptions 1USD=145.00JPY / 1EUR=155.00JPY		
Sales revenue	800 billion yen		954 billion yen		
Operating profit ratio (Profit ratio for the period*2)	10.0% at least (7% at least)		Approximately 10% (approximately 7%)		
ROE	10.0% at least (above capital cost)		Approximately 10%		

*1 The exchange rate conversion reference values are estimates based on the foreign currency-denominated sales revenue, cost of sales, and selling, general and administrative expenses in FY2023 results, applying the exchange rate sensitivity against the yen.

*2 Profit ratio for the period attributable to owners of the parent company (at an assumed corporate tax rate of 30%)

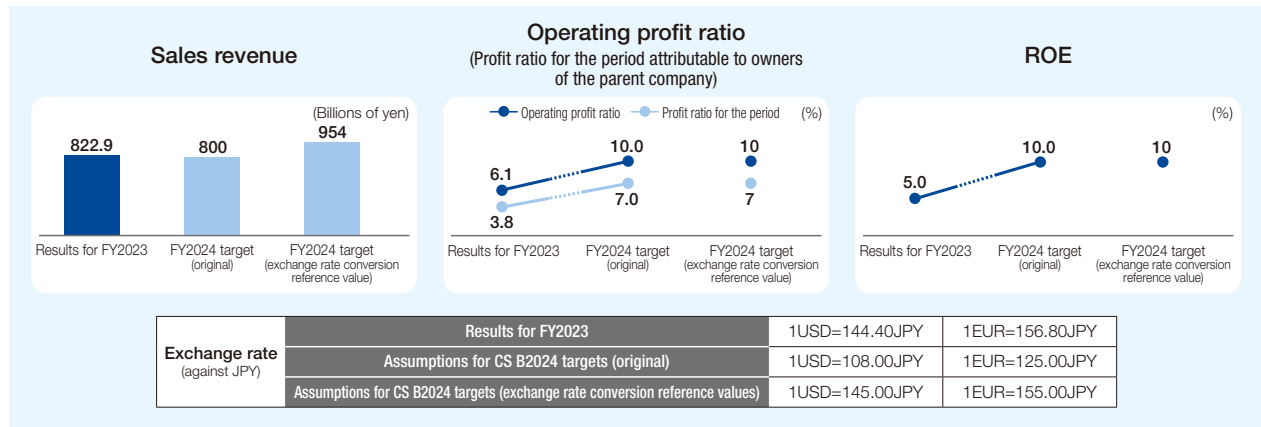
Materiality

We have identified materialities as the key social issues to achieve “At your side 2030” and to contribute to society and help protect the earth, and we have positioned the resolution of them as one of our key management issues.

Materiality		Relevant SDGs	FY2024 sustainability targets	Progress	FY2024 activity plan	See
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 emissions●In P&S business, build platform to connect directly with customers towards improving LTV of customers	<ul style="list-style-type: none">●During the period from FY2022 to FY2023, we launched a total of 10 new models* of the SPEEDIO series, which boast high energy-saving performance and productivity *Excluding loading system●Strengthened efforts to connect interactively with customers, including subscription services in each region	<ul style="list-style-type: none">●Continuously strengthen product competitiveness in terms of productivity and energy-saving performance●Expand contract-based relationships with customers, such as subscription services	<div>📄 See pages 28-29.</div> <div>📄 See pages 26-27.</div>
	Realizing a diverse and active society	     	<ul style="list-style-type: none">●Visualize employee engagement at the global level and improve engagement survey scores●Enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan●Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working* * BIL only	<ul style="list-style-type: none">●BIL has started conducting employee engagement surveys from FY2022. In FY2023, 90% of its facilities around the world conducted such surveys●Implemented succession planning and promotion of training for executive talents based on grasping the current status of personnel policies and identifying issues at major facilities outside Japan●Added and revised personnel systems to realize more flexible working styles* ●Continued to implement a program to develop female management candidates* ●Implemented programs to promote understanding of health and nursing care in order to promote diverse working styles* * BIL only	<ul style="list-style-type: none">●Conduct surveys at all facilities and hold workshops to improve employee engagement●Promote systematic development of management talents and successors at each facility●Develop an activity plan that includes initiatives to promote diversity of thoughts as well as diversity of attributes*	<div>📄 See pages 32-37.</div> <div>📄 See “Non-financial Indicators” on page 65.</div>
	Pursuing a responsible value chain	     	<ul style="list-style-type: none">●Expand the human rights risk assessment on suppliers●Attain RBA Gold certification for three Group manufacturing facilities	<ul style="list-style-type: none">●Expanded the number of businesses and suppliers covered in supply chain human rights due diligence (human rights DD) on primary suppliers to ensure effectiveness●Continued to conduct investigations to ensure responsible mineral sourcing●Manufacturing facilities of the P&S business in China and the Philippines obtained RBA Platinum certification●In FY2024, the Hoshizaki Factory (Nagoya) obtained RBA Platinum certification, achieving the target ahead of schedule	<ul style="list-style-type: none">●Ensure the effectiveness of human rights DD in the upstream supply chain●Consider human rights risks outside upstream supply chain and establish a human rights DD process●Continue to improve manufacturing facilities that have obtained RBA certification (Vietnam, Philippines, China, and Japan)	<div>📄 See pages 40-41.</div> <div>📄 Responsible Supply Chain</div> <div>🌐 https://global.brother/en/sustainability/social/supply-chain</div>
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	<ul style="list-style-type: none">●[Scope1,2] Implemented energy-saving and energy-creating measures, such as more efficient use of electricity and introduction of solar power generation, and reduced CO₂ emissions by 5.1% compared to FY2015●[Scope 3] Started selling new products with improved environmental performance compared to previous products, and reduced CO₂ emissions at the parts procurement stage in collaboration with business partners	<ul style="list-style-type: none">●Achieve both business expansion and CO₂ reduction●Promote and expand sales of new products with improved energy-saving performance	<div>📄 See pages 42-45.</div> <div>📄 Medium-term Targets for FY2030</div> <div>🌐 https://global.brother/en/sustainability/eco/cc#c06</div>
	Circulating resources	     	<ul style="list-style-type: none">●Achieve ratio of virgin materials used in products*1 of 81% or less Ref.) FY2030 Targets: below 65%*2 <p>*1 Including packaging materials *2 Applies to the Printing and Solutions Business, Machinery Business, and Personal and Home Business</p>	<ul style="list-style-type: none">●The ratio of virgin materials has been confirmed to be 79.2% through verification of the amounts of virgin materials used in our products by a third party, achieving the target one year ahead of schedule	<ul style="list-style-type: none">●Implementation of the activity roadmap	<div>📄 See pages 42-43.</div>

Financial Targets and Progress

Sales revenue for FY2023, the second year of “CS B2024,” was 822.9 billion yen, achieving the original FY2024 target ahead of schedule, following FY2022. Although the Machinery Business was affected by sluggish markets in China and other parts of Asia and the P&S Business was affected by lower sales of printers, the weaker yen had a positive impact, resulting in results at the same level as the previous fiscal year. However, the operating profit ratio and ROE were 6.1% and 5.0%, respectively, mainly due to the recording of an impairment loss on a portion of goodwill in the Domino Business.



Sustainability Targets and Progress

To address the five materialities identified, we have set sustainability targets for the “CS B2024” period, and the Sustainability Committee, chaired by the President & CEO, and its six subcommittees are promoting activities across the entire Group as management issues.

📄 See <https://global.brother/en/sustainability/csr/management>

Vision and Medium-term Business Strategy “CS B2024”

Four Priority Themes of “CS B2024”

Exchange rate (against JPY)	Results for FY2023	1USD=144.40JPY	1EUR=156.80JPY
	Assumptions for CS B2024 targets (original)	1USD=108.00JPY	1EUR=125.00JPY

*1 “CS B2024” financial targets (original)

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 toward the sustainable future that will support it. We will carry out activities with four strategic 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.

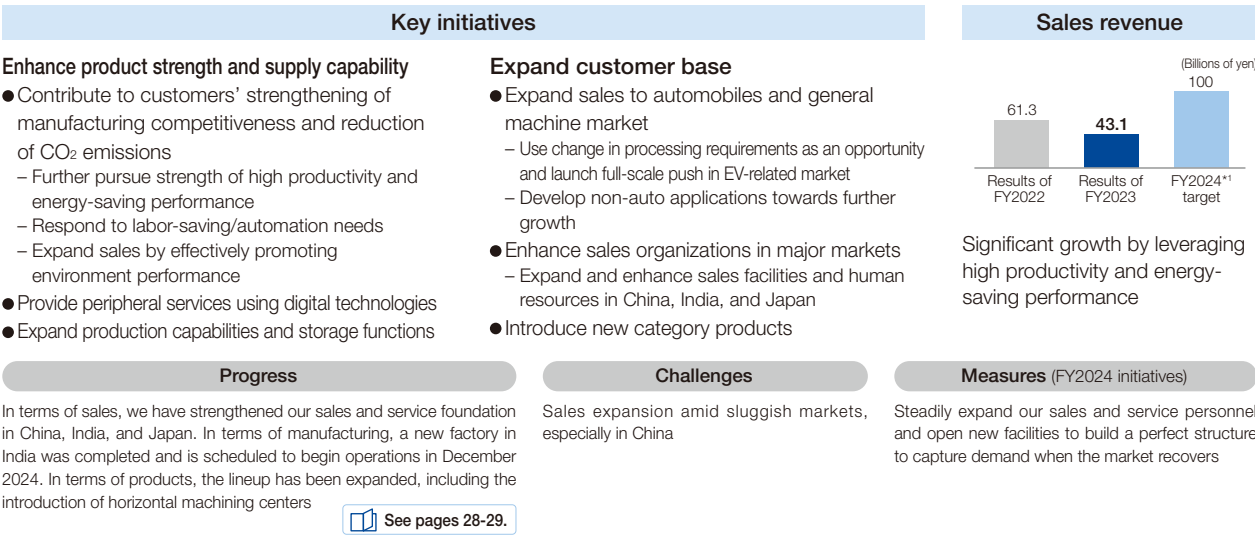


Business Portfolio Transformation ① Towards Expansion in the Industrial Area

Achieve Significant Growth in the Industrial Equipment Business

In response to the growing demand for EV*2-related parts and the accelerating trend of carbon neutrality, we will further improve the high productivity and energy-saving 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 significant sales growth.

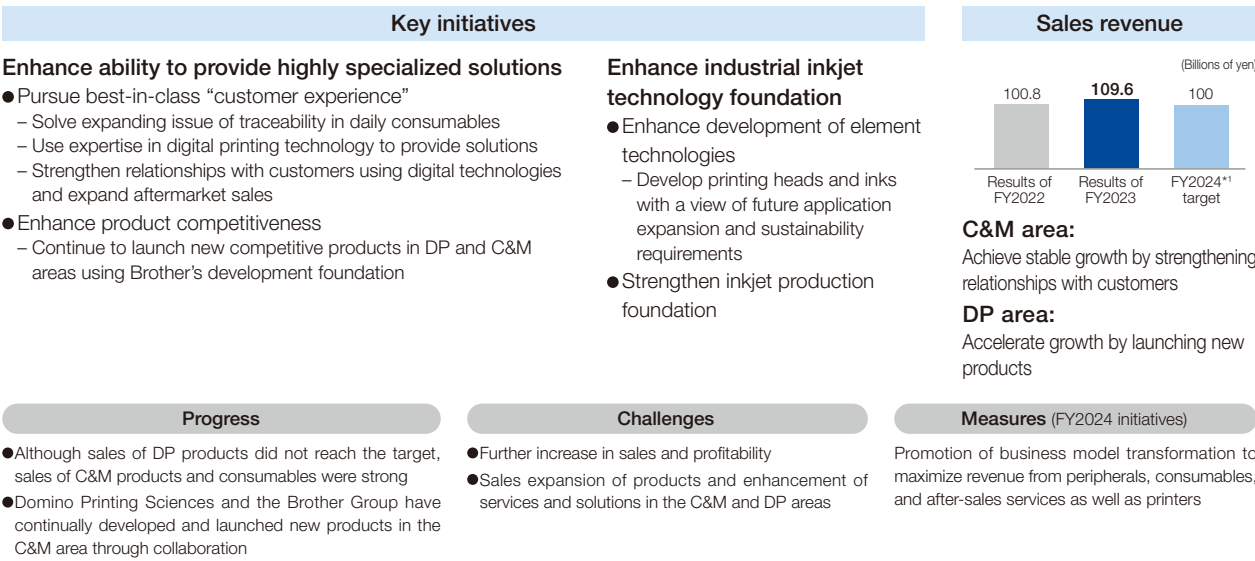
*2 Acronym for electric vehicle



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*3 to ensure safety in food and other products, we are enhancing product strength by introducing new products and strengthening relationships with customers for Coding & marking equipment (C&M area)*4 and digital printing equipment (DP area)*5 in the Domino Business. We also aim to maximize profits by expanding our range of peripherals, consumables, and after-sales services.

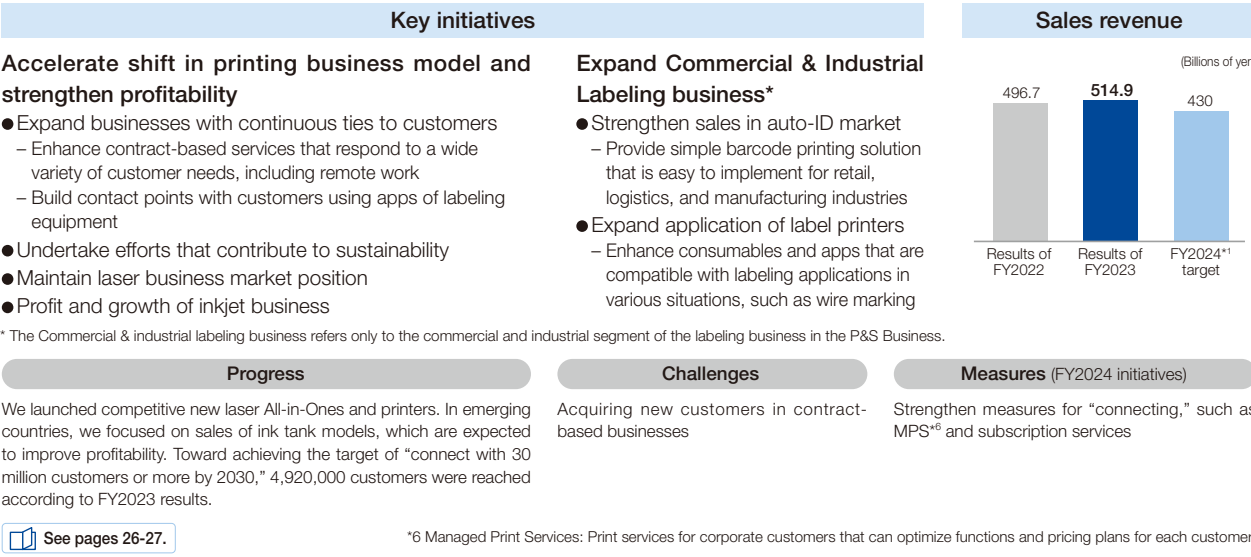
*3 Making it possible to trace a product’s entire lifecycle, from procurement of raw materials to processing, manufacturing, consumption, and disposal *4 Printing of expiration dates and other information on PET bottles and cans *5 Printing of items such as product packaging labels



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 strengthening sales of printers. At the same time, we will accelerate the shift to a business model that connects with customers, such as a contract-based business model.



See pages 26-27.

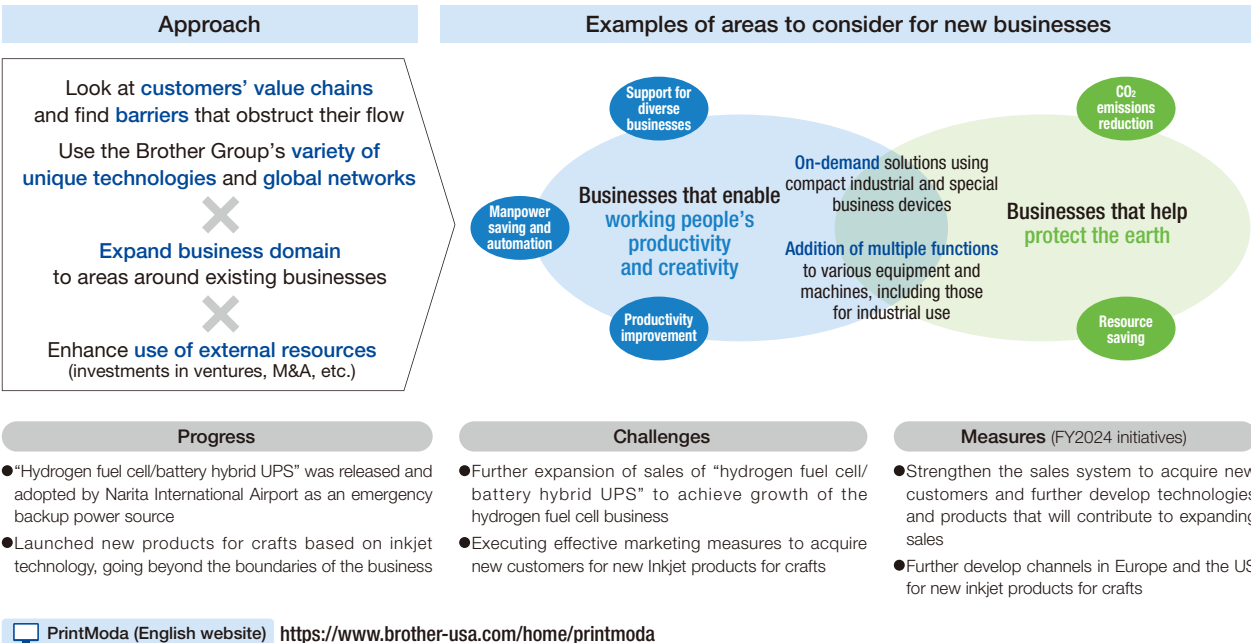
*6 Managed Print Services: Print services for corporate customers that can optimize functions and pricing plans for each customer



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 based in more than 40 countries and regions while leveraging its diverse unique technologies and global network to create new businesses. 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.



PrintModa (English website) <https://www.brother-usa.com/home/printmoda>

Vision and Medium-term Business Strategy “CS B2024”



④ Management Foundation Transformation for a Sustainable Future

Undertake Environmental Efforts towards Carbon Neutrality

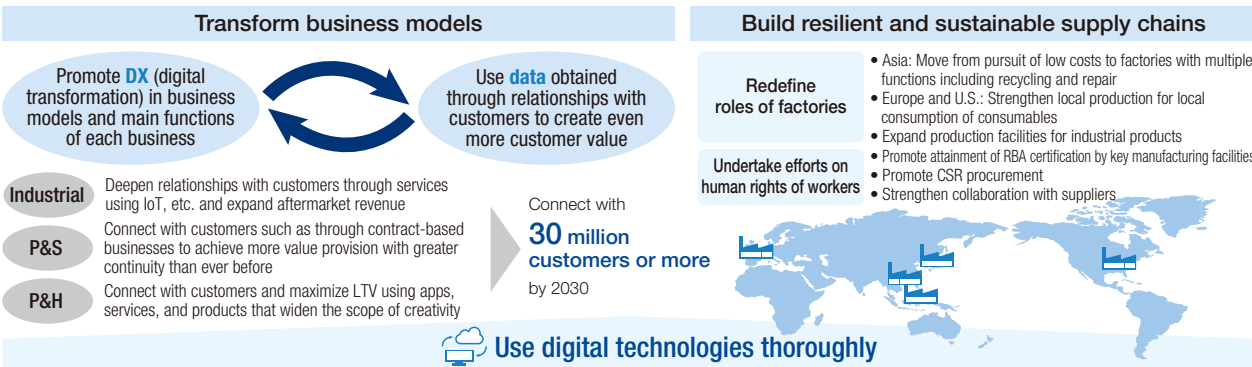
The Brother Group has declared in the “Brother Group Environmental Vision 2050” that it will achieve carbon neutrality in its business activities by 2050. It has set targets for reduction of CO₂ emissions, resource circulation, and biodiversity conservation and is making efforts to achieve these targets. Furthermore, we have set a medium-term goal for 2030 and will accelerate our efforts.

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 CO ₂ 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		

For the details of progress, issues, and measures [See Sustainability Targets: Reduction of CO₂ Emissions, and Resource Recycling on pages 18-19.](#)

Enhance and Expand Connections with Customers

In order to promote DX and leverage data obtained through relationships with customers in each of its businesses to provide even more value to them toward the goal of “transform business models,” the Brother Group worked to create mechanisms to “connect” in each business. In addition, we have made progress in various initiatives aimed at “building resilient and sustainable supply chains,” such as digitally visualizing and globally centralizing inventory, production, and sales status. As a foundation for these activities, we have introduced a global integrated data platform to centrally manage and utilize data scattered around the world.



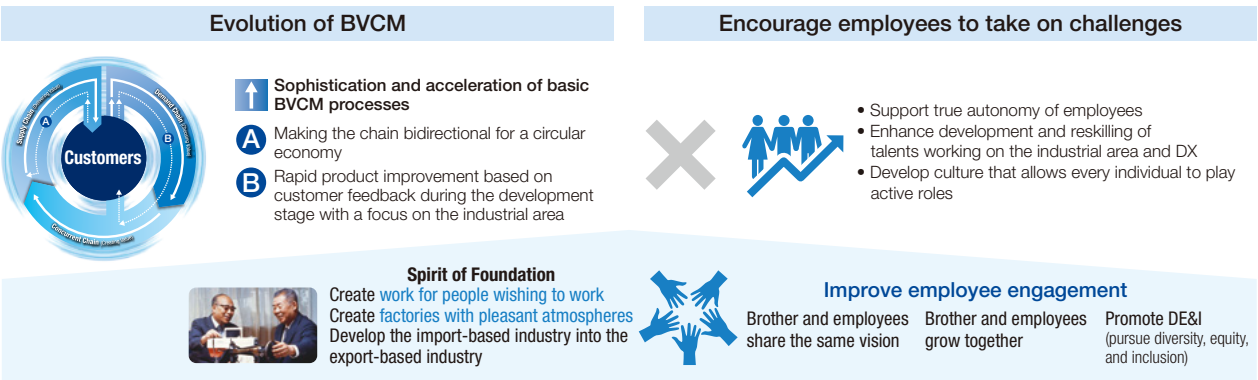
		Progress	Challenges	Measures (FY2024 initiatives)
Business model transformation	Industrial	Implemented service solutions, such as remote maintenance support and machining program creation support as planned	Stable operation of service solutions, such as remote maintenance support	Verify and resolve issues through field testing
	P&S	Currently developing a 1-to-1 marketing mechanism to expand our “connecting” initiatives	Increase in MPS contracts	Expand connections with customers whose connection level is high See page 27.
	P&H		Strengthening cross-selling* and other initiatives	Promote cross-selling based on customer behavior analysis
Build resilient and sustainable supply chains	Redefine roles of factories	<ul style="list-style-type: none">A total of six major projects are underway, including the following:●Visualize and centralize global data on production, logistics, sales, and inventory●Establish a procurement and supply process for stock parts in case of emergency●Create a vendor tree to visualize the procurement system	<ul style="list-style-type: none">●Realization of rapid understanding of distribution constraints and changes to supply plans through thorough utilization of global data on production, logistics, sales, and inventory●Implementation of the vendor tree	<ul style="list-style-type: none">●Standardize the production planning process●Improve operational efficiency by utilizing procurement-related business data
	Undertake efforts on human rights of workers	See Sustainability Targets: Pursuing a Responsible Value Chain on pages 18-19.		
Use digital technologies thoroughly	Building an integration global data platform	Completed construction of an integrated global data platform that virtually integrates data, such as manufacturing and sales information, scattered across group companies	Increase in and effective use of projects utilizing data infrastructure	Develop and improve publicity activities, education, utilization support, and operational systems
	Talent development for promoting DX	As a result of DX promotion talent training, 147 DX core talents in the first class completed the training, and 96 core DX talents in the second class are currently being trained	Partial modification of curriculums and understanding the actual contributions of core DX talents	Continue education, update curriculums as necessary, and conduct survey on contributions of core DX talents

* To boost sales, recommending related products or services to those who have purchased or are looking to purchase a certain product or service

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 are continuously working 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.

[Brother Value Chain Management](#) <https://global.brother/en/sustainability/csr/value#v03>



Business Model for Value Creation:

Brother Value Chain Management (BVCM)

BVCM is the Brother Group’s unique 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 quickly provide them with exceptional value. The Group aims to maximize the value it provides by continuing to evolve BVCM.

Advantage of BVCM

With BVCM, we create value flexibly and quickly through the process for delivering superior value to customers. BVCM consists of three chains—the Demand Chain, Concurrent Chain, and Supply Chain. After providing value to customers, we then make additional improvements while listening to feedback from customers and the market. By accelerating the circulation of this customer-oriented value chain, we are able to quickly deliver superior products, services, and solutions.

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

To make a leap forward in the industrial printing area, centered on the Domino Business, we will support our customers’ productivity and creativity with a wide range of products [See product photos on pages 26-30.](#) and new businesses and contribute to solving social issues, based on our extensive printing technologies and customer base.

	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)
Printing methods	Thermal	Thermal/Inkjet/Laser	Inkjet	Inkjet
Examples of printing	 Shipping labels, food labels, slips, quotations	 Cans, bottles, plastic bottles, paper containers, cardboard	 Packaging labels	 Apparel
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	



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

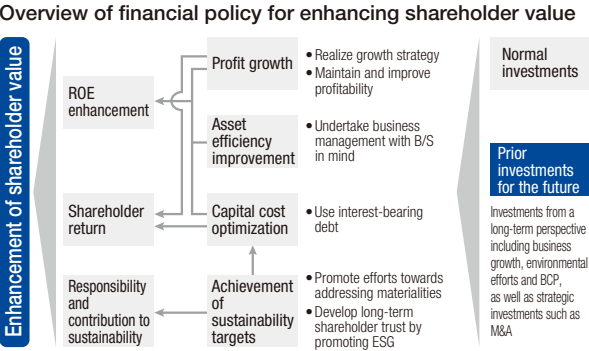
We will make sure to execute prior investments for the future to achieve a “business portfolio transformation,” as well as to deepen management conscious of cost of capital, return on investment and share prices.

Akira Nakashima
Executive Officer: Responsible for the Finance & Accounting Dept.

Financial Policy in the Medium-Term Business Strategy “CS B2024”

The Brother Group aims to achieve long-term and continuous enhancement of shareholder value. “CS B2024,” our medium-term business strategy ending in FY2024, includes three financial policies for enhancing corporate value, which are “enhancing ROE,” “strengthening shareholder returns” and “fulfilling our responsibility and contribution to sustainability.”

To achieve them, in addition to making effective use of capital and making normal investments necessary for business continuity, we will actively implement “prior investments for the future” aimed at “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 cost of capital optimization to enhance ROE and provide stable shareholder returns. We will also foster long-term shareholder trust by focusing on ESG initiatives, such as addressing materialities.



Looking Back on FY2023

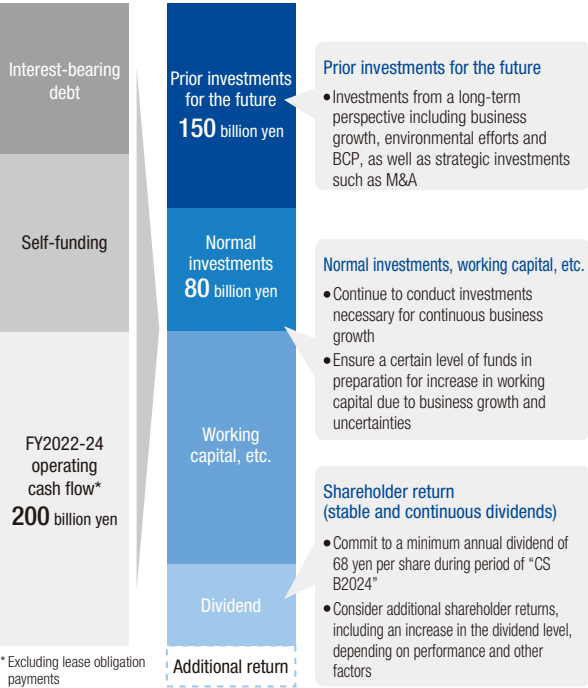
In FY2023, the business environment remained challenging due to sluggish European, U.S. and Chinese markets in our core P&S Business and weak demand, especially in China, for capital expenditure in industrial equipment, which we position as a growth driver. Despite this situation, the business segment profit increased significantly due to a reduction in logistics costs, steady sales of consumables in the P&S Business and the effect of price adjustments.

However, ROE declined to 5.0% as a result of an impairment charge on a portion of goodwill due to the negative impact of the strengthening of the British pound on profits of the Domino Business. In FY2024, we will strive to increase profitability throughout the company, including a recovery in industrial equipment, in order to improve our ROE.

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



Communication with Shareholders and Investors

In FY2023, we focused on IR activities, such as holding our first business briefing in four years. We believe it is important to proactively communicate not only our short-term performance but also our medium- to long-term strategies and initiatives, such as how we will achieve growth in the Industrial area, which is centered around industrial equipment, and how we will maintain business scale and profitability in the face of a shrinking market for the P&S Business, which accounts for more than half of our sales.

We will continue to strengthen our dialogue with our shareholders and investors to address information asymmetries and foster a sense of expectation for the future of our company. We believe this will in turn lead to the improvement of PBR.

IR Meetings	FY2023	IR Events	FY2023
Investors in Japan	196	Financial results briefings	4
Investors outside Japan	58	Business briefings	2
Total	254		

Prior Investments for the Future

In our medium-term business strategy “CS B2024,” we have earmarked a total of 150 billion yen for prior investment over three years. For business portfolio transformation, we will use this fund to strengthen the Industrial area, where we aim to achieve significant growth, as well as production and sales facilities and technological infrastructure related to inkjet technology, which is key to printing. This includes 30 billion yen for strategic investments, including M&As. For management foundation transformation for a sustainable future, we will pursue measures such as environmental initiatives and improving the resilience of our supply chains.

When making investments, we are conscious of the cost of capital and the efficiency and speed of investment return. We determine investments comprehensively by considering the consistency of the purpose and significance of the investment with our medium- to long-term direction, the future impact of the investment on earnings and funds, and various investment decision indicators, such as the internal rate of return (IRR), return on investment (ROI) and payback period for invested capital.

Progress of Investments

In FY2023, we began construction of a new factory for the Industrial Equipment Business in India, where the market is growing, as an investment for expansion in the Industrial area as part of the business portfolio transformation. It is scheduled for launch in December 2024. For transformation of Printing, a new factory building was completed at the Philippines Factory, where inkjet printers and All-In-Ones are manufactured. This new factory building will serve as a multi-function factory that not only increases production capacity but also serves as a warehouse to strengthen supply chain resilience. As part of the management foundation transformation for a sustainable future, at our global facilities, we installed solar panels as part of our environmental investments and updated our mission-critical systems as part of our digital transformation (DX) investments.

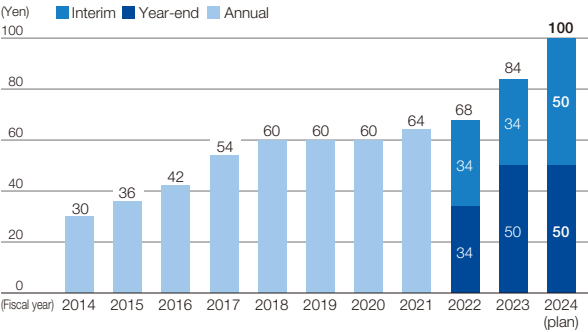
Of the 230 billion yen earmarked for investment, which consists of 80 billion yen for normal investment necessary for business continuity and 150 billion yen for prior investments for the future, we have invested approximately 100 billion yen through FY2023. Although the payment schedule for some of these investments falls outside the period of the medium-term business strategy “CS B2024,” the investments are progressing largely as planned, excluding the 30 billion yen for M&A and other strategic investments. We will continue to make prior investments for the future steadily in FY2024.

Shareholder Returns

While actively making prior investments for the future during the period covered by our medium-term business strategy “CS B2024,” our basic policy is to ensure stable and continuous shareholder returns by comprehensively taking into account the securing of necessary internal reserves, the status of cash flow, and other factors. Specifically, we have set a minimum 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 acquire treasury stock as needed.

Based on this basic policy, we raised the dividend level in FY2023 in consideration of our business performance and cash levels and increased the annual dividend by 16 yen per share from the previous year to 84 yen per share. For FY2024, we plan to increase the dividend by a further 16 yen per share to 100 yen per share annually.

Annual dividend per share



Business Management Conscious of Cost of Capital and Share Prices

Our approach to cost of capital, etc. is as follows.

Topic	Present	Policy
Capital cost	Cost of equity: 7-10% <ul style="list-style-type: none">Calculated by CAPMVariable due to differences in timing and assumptions used in calculations, so cost of equity is taken as the range	<ul style="list-style-type: none">Reduce the cost of shareholders' equity by promoting business portfolio transformation while also utilizing interest-bearing debt
ROI index	ROE 5-year* average: 8.1%	<ul style="list-style-type: none">Basic policy of soundly increasing ROE through business growthAim to achieve ROE of 10% or more above cost of capital over the medium to long term
Market valuation	P/B ratio 5-year* average: 1.05x As of the end of March 2024: 1.08x	<ul style="list-style-type: none">Aiming to continuously increase shareholder value in accordance with the CS B2024 financial policyAim for further improvement of P/B ratio by improving profitability and promoting business portfolio transformation through continuous growth investment

* From FY2019 to FY2023

While capital adjustment is one way to improve ROE, we believe the priority should be to improve ROE in a healthier way through business growth. To that end, we aim to improve our profitability by steadily making prior investments for the future and accelerating business portfolio transformation through expansion in the Industrial area and transformation of Printing.

In terms of shareholder equity ratio, while we have secured a high level of financial soundness, we believe that we should also utilize interest-bearing debt and accelerate investment for business growth, including M&A.

In addition, we have begun to use ROIC as an internal benchmark to improve ROI. At management meetings, we regularly review and evaluate whether our strategies and measures are appropriate after understanding the capital invested in each business and taking into account the growth stage and characteristics of each business. We hope this will lead to improved ROI in each business and optimized resource allocation.

As for PBR, 1.0 is just an interim point, and we must continue to strive for higher levels.

We will continue to work to enhance corporate value by steadily making prior investments for the future to accelerate business portfolio transformation and by further deepening business management that is conscious of cost of capital, ROI and share prices.

Business Strategy

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.



Message from the Executive Officer, Head of P&S Business Division



By using the strengths and characteristics of the P&S Business, we will lead the evolution of printing technology and the expansion of its range of applications, striving to expand the value we provide.

Satoru Kuwabara
Representative Director & Executive Vice President
Head of Printing & Solutions Business Division

In FY2023, the P&S Business saw a rise in revenue due to increased sales of consumables and positive foreign exchange effects, despite a decrease in the sales of devices. Although our business performance has remained steady even in a difficult market environment, we are working to further enhance the profitability of existing businesses and promoting our transformation toward the next stage, such as acceleration of the shift to a business model that connects with customers, including a contract-based model, and expansion of the Commercial & Industrial Labeling Business.

Annual Securities Report <https://global.brother/en/investor/business/asr>

I have tried to summarize in my own words the strengths of the P&S Business and the foundation that is the source of those strengths, particularly from the perspective of development and manufacturing. We have three strengths: the first is our ability to identify customer needs, the second is cost competitiveness, and the third is the reliability we have cultivated over the years through our products' ease of use and long lifespan.

The ability to identify customer needs does not mean simply adding functions in a technology-oriented manner, but rather identifying the essence of the value that customers seek and extracting and giving shape to latent needs that customers themselves are not even aware of.

Among the foundations that are the source of these three strengths, we believe that what is particularly distinctive is that we possess three printing technologies, laser, inkjet, and thermal, and

that we have realized manufacturing that is integrated globally without any boundaries between product planning, development, design, manufacturing, and sales under Brother Value Chain Management (BVCM).

For the three printing technologies, rather than dividing the organization into sections based on each printing technology, we have established a system that allows cooperation between mechanical, hardware, and software functions, overcoming the organizational barriers that arise from the differences in printing technologies. The system enables us to quickly roll out results and best practices to organizations that handle other printing technologies, thereby proposing a wide range of products to customers, allowing them to choose the product that best suits them.

In manufacturing based on BVCM, we have established a system with few organizational barriers that allows us to collaborate from the planning stage in order to promote product development based on customer feedback. We believe that it is precisely because of the open organizational culture that has been cultivated over our 116-year history that we are able to run BVCM smoothly.

In addition, building good relationships with external suppliers who are our business partners is also essential for globally integrated manufacturing.

With a collaborative system where we can constantly share strategies and visions for the future and expand our businesses together, we promote technological development and cost reduction for many parts. Brother's unique stance is to become a company that is first chosen by business partners and grows together with them.

While using the strengths and characteristics of the P&S Business we have cultivated, we will lead the evolution of printing technology and expand its range of applications, thereby contributing to improving the corporate value of the entire Group.

Strengths

Communications and Printing Equipment Business

- Ability to identify needs from an appropriate and unique perspective
- Cost competitiveness
- Ability to ensure product reliability, such as ease of use, long lifespan, and high quality, cultivated over many years.

Labeling Business

- Knowledge as a pioneer in the industry
- Extensive lineup of high-performance labels
- Product and software development capabilities that continue to meet customer needs

Opportunities

- Accelerated distribution of office functions due to the spread of satellite offices and remote work, and extended product lifetime (product usage period)
- Expansion of the Commercial & Industrial Labeling market due to improved efficiency and automation of labeling and increased demand for traceability
- Increase in demand for energy-saving products due to increased environmental awareness among customers

Challenges

- Build resilient and sustainable supply chains to establish a stable supply structure of products
- Further strengthen of environmentally friendly design and achieve resource circulation toward a sustainable society
- Accelerate the shift to a business model that connects directly with customers, including the expansion of contract-based services
- Strengthen solution proposal capabilities to expand businesses for corporate customers in the Communications and Printing Equipment Business and grow the Commercial & Industrial Labeling Business

Risks

- Decrease in print volume and the sales of devices and consumables due to an accelerating shift away from paper
- Intensifying competition due to competitors' inventory replenishment
- Decline in the ratio of genuine consumables sold in e-commerce

Summary of FY2023

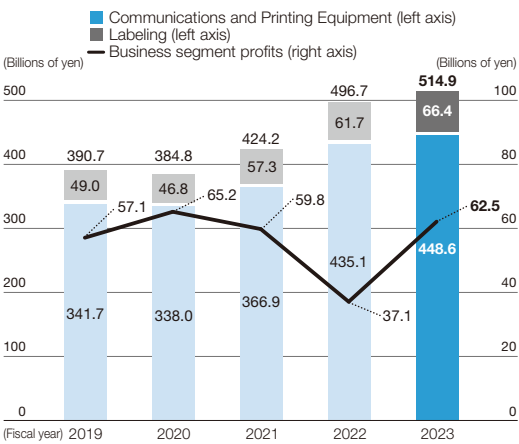
Communications and Printing Equipment Business

- Sales of consumables for inkjet multi-function printers and laser All-in-Ones/printers were steady.
- Sales of the devices decreased due to sluggish markets in China, Europe, and the U.S.
- Overall revenue increased due to positive foreign exchange effects.

Labeling Business

- Revenue increased due to recovery from supply constraints in the previous year and positive foreign exchange effects.

Trend of Revenue & Business Segment Profits



TOPICS

Promoting initiatives to connect with customers toward transformation in the Printing area

In the P&S Business, for "supporting people's value creation," one of our materialities, we have set the establishment of a platform to connect directly with customers towards improving LTV*1 of customers in the P&S Business as one of our sustainability targets for the "CS B2024" period [See pages 18-19](#).

Defining "connecting" as "creating a state of direct communication with customers who use our products and services, and continuing to provide superior customer experience and value," we are in the process of shifting from the traditional one-time sale business model to a business model that connects with our customers. In addition to expanding contract-based businesses such as MPS*2 and subscription services,*3 we also aim to create a state where we can make proposals to non-contract customers based on their product usage and the products they own. Through this connection, we can help our customers reduce their total cost of ownership (TCO*4) and decrease the burden of purchasing consumables, while for Brother it is expected to improve profitability by increasing the genuine consumable ratio. Moreover, this promotes product collection and recycling, contributing to sustainability.

In FY2023, we connected with customers

through approximately 4.92 million devices, up 26% from the previous fiscal year. Customers who subscribe to our MPS in Europe not only use genuine products but also have a higher print volume for both color laser and black-and-white laser printers compared to non-contracted customers. This is expected to lead to improved profitability through increased sales of consumables.

We will continue to improve profitability and accelerate the transformation of the Printing area by simultaneously strengthening the product appeal in the P&S Business and transforming our business model.

*1 Lifetime Value: Customer lifetime value, which is the value to customers and profits generated for companies over the entire usage period of products and services

*2 Managed Print Services: Print services for corporate customers that can optimize functions and pricing plans for each customer

*3 A fixed fee monthly subscription service

*4 Total Cost of Ownership: Total cost from purchase to disposal

What is P&S's "Connecting?"

To create a state of direct communication with customers who use our products and services, and continue to provide superior customer experience and value

Contract-based connections		Non-contractual connections	
MPS (Managed Print Service)	Subscription service	Ready to make proposals based on the customer's usage	Ready to make proposals based on the devices the customer owns

High ← Connection level → Low

Benefits for Customers*: Reduced TCO, reduced pain to purchase consumables, enrollment in long-term extended warranty and loyalty programs, and receive promotions and information on the best new products, etc.

Benefits for Brother: Increased LTV by securing profitability through improving the genuine consumable ratio and improving offering value by analyzing data on customer usage, etc.

Benefits for both parties: Contribution to sustainability by promoting the collection and recycling of used products

*includes the benefits only for contract-based connections

Business Strategy (Business Policy)

Communications and Printing Equipment Business

- Further strengthen profitability and competitiveness as a core business that supports the Group-wide business portfolio
- Accelerate the transformation to a new business model that strengthens connections with customers
- Firmly maintain our position in the laser business market
- Expand 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
- Expand the Commercial & Industrial Labeling Business

Both

- Design products and build manufacturing systems aimed at reducing CO₂ emissions
- Strengthen the resource circulation business

Relevant Social Issues and Materialities

Supporting people's value creation & circulating resources

Establishment of a foundation to connect directly with customers in the P&S Business to improve their LTV and expand the resource circulation business

Relevant SDGs



Solving Social Issues through Business Activities

<https://global.brother/en/sustainability/csr/management#business>

Business Strategy

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.



Message from the Executive Officer, Head of Machinery Business Division



Contributing to improving customer productivity and creating new value toward growth in the Industrial area

Makoto Hoshi
Senior Managing Executive Officer
Head of Machinery Business Division

Looking back at FY2023, in the Industrial Equipment Business, sales fell sharply due to sluggish capital investment demand mainly in China and Asia. In the Industrial Sewing Machine Business, although sales of garment printers increased in the Americas, capital investment demand for industrial sewing machines for the apparel industry remained sluggish in Asia. As a result, the Machinery Business as a whole saw a decline in revenue and a significant drop in profits. Meanwhile, measures for the future of all three businesses were implemented steadily as planned, and we are fully prepared for an economic recovery.

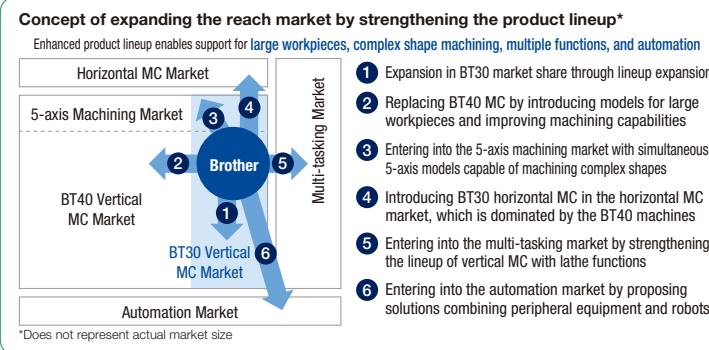
Now, I would like to explain the strategy for the Industrial Equipment Business, which is one of the strategic themes of "CS B2024" and on which I am focusing.

In the Industrial Equipment Business, we believe that the field of compact machine tools with a spindle called BT30 is our area of expertise, where we can provide high customer value. We have therefore accelerated our development speed more than ever before and have been updating almost our entire lineup since 2022. In addition to the new multi-face machining center and its simultaneous 5-axis machining model introduced in FY2022, we expanded our lineup by introducing our first horizontal MC* in FY2023, making it possible to machine large workpieces

and complex shapes. With this significant lineup enhancement and renewal, we are expanding our share in the BT30 vertical MC market (1), where we have had a strong presence, while also actively expanding our business into neighboring areas (2–6) by providing value beyond the framework of BT30 vertical MC (see the diagram below).

Meanwhile, in the Industrial Equipment Business, delivering products to customers is not the end of the job, and it is also important to contribute to improving customer profitability by providing support to help customers use the products effectively. Accordingly, it is also essential to strengthen our sales and service foundation. In "CS B2024," we have positioned China, India, and Japan as priority regions and have opened five new technology centers and seven new business sites/sales offices since FY2022. By supporting our customers' competitiveness and growth, we aim to become "a trusted, invaluable solutions partner in the Industrial area," as stated in our Vision, and to become the market leader in compact machine tools with the world's highest level of productivity.

* Machining center



Industrial Equipment Business Briefing Materials

<https://download.brother.com/pub/com/investor/business/event/2023machinetool-e.pdf>

Strengths	Industrial Equipment Business <ul style="list-style-type: none">Ability to develop products that achieve high productivity and energy-saving performanceExtensive lineup offering a variety of solutions to meet customers' needs	countries and regions
	Industrial Sewing Machine Business <ul style="list-style-type: none">Product development capabilities for high-speed and high-quality sewingDevelopment of facilities that can respond to requests from customers in a wide range of	<Garment Printers> <ul style="list-style-type: none">Achieving high productivity and printing quality supported by inkjet technologyAbility to provide solutions utilizing a variety of unique technologies

Opportunities	Industrial Equipment Business <ul style="list-style-type: none">Expansion of investment related to EVs, including HVs*1 and PHVs,*2 in line with the acceleration of global carbon neutralityAcceleration of labor-saving and automation due to a slowdown in the world population growth and a declining workforce from aging population	Industrial Sewing Machine Business <ul style="list-style-type: none">Increasing investment in equipment and technology leading to automation and deskillung
	<ul style="list-style-type: none">*1 Hybrid Vehicle*2 Plug-in Hybrid Vehicle	<Garment Printers> <ul style="list-style-type: none">Increasing demand for customizationChange from screen/analog printing to digital printing

Challenges	Industrial Equipment Business <ul style="list-style-type: none">Capturing demand in the automobile market, including EV-related markets, and non-automobile markets including medical equipment and semiconductor manufacturing equipment-related marketsFurther promotion of energy-saving performance for customers working toward carbon neutralityHigh ratio of sales to China	Industrial Sewing Machine Business <ul style="list-style-type: none">Launch of new products for the non-apparel markets such as airbags and shoesImprovement of sales proposal and service response capabilities
		<Garment Printers> <ul style="list-style-type: none">Product development to achieve further growth in the bulk printing marketAssisting productivity improvement in high-volume printing factories

Risks	Industrial Equipment Business <ul style="list-style-type: none">Delay in full-scale market recovery in the machine tool marketHigh volatility	Industrial Sewing Machine Business <ul style="list-style-type: none">Intensifying competition due to competitors entering and focusing on the non-apparel marketSlow recovery in apparel demand
		<Garment Printers> <ul style="list-style-type: none">Intensifying competition in the mid-price market

Machinery

Summary of FY2023

Industrial Equipment Business

- Revenue fell sharply due to sluggish capital investment demand in the automobile and general machinery markets in China and Asia.
- The "H550Xd1" horizontal compact machining center, which meets various machining needs, including the machining of large aluminum parts required for EV parts with increasing demand, was released.

Industrial Sewing Machine Business

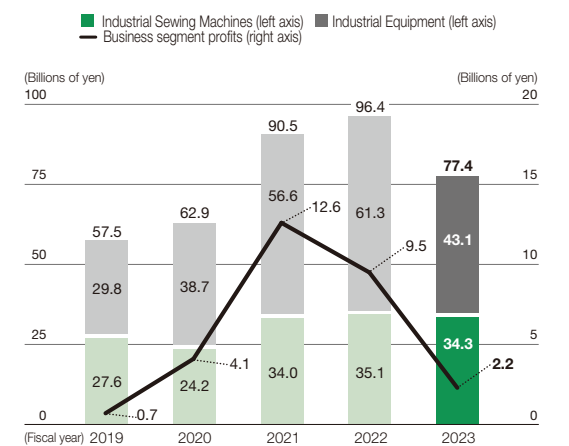
<Industrial Sewing Machines>

- Revenue declined due to sluggish capital investment demand for apparel mainly in China and Asia.

<Garment Printers>

- Revenue increased due to a rise in sales of high-end models and positive foreign exchange effects.
- "GTx600SB," which achieves wide color gamut printing and high-speed printing with six print heads, was released, contributing to improving the production capacity of large-scale printing factories that mass-produce a wide variety of products.

Trend of Revenue & Business Segment Profits



TOPICS

Proposing labor-saving and automation solutions to further improve customer productivity

In the Machinery Business, for "supporting people's value creation," one of our materialities, we have set the securing of performance advantage of products that contribute towards improving customer productivity and reducing CO₂ emissions in the Industrial Equipment Business as one of our sustainability targets for the "CS B2024" period. [See pages 18-19.](#)

In particular, in the Industrial Equipment Business, our mission is to deliver solutions that truly satisfy our customers. To improve customer productivity, we provide labor-saving and automation solutions that combine "SPEEDIO" with peripheral equipment and robots. We also respond to requests from customers who are struggling with labor shortages, such as "We want to automate only at night."

Our in-house developed loading system, "BV7-870Ad," is a system that can automatically load and unload machined parts into and from machine tools. One of the features is that it is integrated with the "SPEEDIO" unit, allowing space-saving installation and easy adjustment for installation.

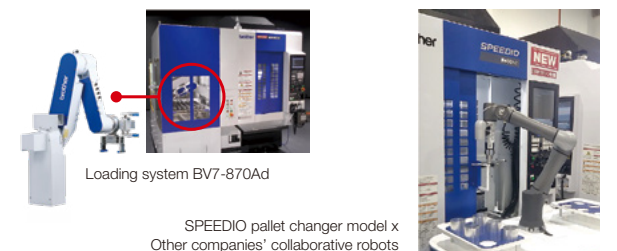
We are also working to address the need for automation in multi-model, low-volume production by combining a 5-axis MC and robots in collaboration with business partners.

The combination of the "SPEEDIO" R-series (equipped with a high-speed 2-face pallet changer) with other companies' collaborative robots* makes it possible to cover the disadvantages of collaborative robots (slow and time-consuming operation) with the advantage of the R-series (allowing for non-stop machining by swapping workpieces on one pallet while machining on the other pallet). Thus, we provide a solution that automates production while maintaining high productivity.

Reference <https://machinetool.global.brother/en-eu/all-products/rxd1/r650xd1>

We will continue to contribute to improving our customers' productivity by proposing labor-saving and automation solutions that meet their needs.

* Collaborative robots : Robots that collaborate and work with humans without safety fences



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

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



Solving Social Issues through Business Activities

<https://global.brother/en/sustainability/csr/management#business>

Business Strategy

Domino

Domino Business

Industrial printing equipment that meets diverse needs

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

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



Summary of FY2023

- Sales revenue: Despite lower sales of hardware, sales revenue increased due to positive foreign exchange effects from the weaker yen, as well as strong sales of consumables.
- Business segment profit: Profit decreased due to negative foreign exchange effects from the strong British pound, as well as increased selling, general and administrative expenses due to strengthened sales activities and the revamping of the

core business operation systems.

- Operating profit: Significant loss due to recording of impairment loss on a part of goodwill

(Reason for recording impairment loss: We have carefully reviewed our future business plans in light of the negative foreign exchange effects from the strong British pound, the increase in discount rates due to rising interest rates, and the slower-than-expected growth of the digital printing equipment market)

Strengths	<ul style="list-style-type: none">■ A trusted brand built on 40+ years of steady growth in the industrial printing area■ Unique positioning resulting from owning both C&M and DP areas [1] See page 12, that can produce synergistic effects through the combination of technologies most appropriate for customer needs
Opportunities	<p><C&M Area></p> <ul style="list-style-type: none">■ Increase in demand associated with population growth in emerging nations■ Increased needs for traceability among manufacturers■ Increased demand for products and solutions to comply with food safety laws and regulations, such as the mandatory recording of traceability information <p><DP Area></p> <ul style="list-style-type: none">■ Progress in digitization in response to growing need for productivity improvements in printing factories■ Increased demand for conversion from analog printing to digital printing* due to stricter environmental regulations <p>* Compared to analogue printing, digital printing reduces the environmental impact, for example, by reducing waste and water consumption in the printing process</p>
Challenges	<ul style="list-style-type: none">■ Further sales growth and improvement in profitability toward business portfolio transformation■ Sales expansion of products and enhancement of services and solutions in the C&M and DP areas
Risks	<ul style="list-style-type: none">■ Continued rising costs due to global inflation■ Reduced appetite for capital investment due to unstable economic trends■ Impact of geopolitical risks on the supply chain, such as higher transportation costs and longer transportation lead times

Business Strategy (Business Policy)

- <C&M Area>
- Steady growth by strengthening the customer base
 - Enhance product competitiveness by introducing new products with the performance demanded by the market, such as a printing methods and printing widths
 - Propose solutions to eliminate customers' problems and barriers, beyond simply providing products
- <DP Area>
- Accelerate growth by launching new products
 - Expand and advance into new areas by utilizing existing technologies and human resources (corrugated cardboard printing,* etc.)

*Printing on coated corrugated sheets

TOPICS Providing Solutions that Realize Labor-Saving and Automation

In the Domino Business, we respond to the various needs of our customers with a wide range of product lines while at the same time providing solutions that realize labor-saving and automation, thereby improving efficiency at production sites and contributing to one of our materialities, "Supporting people's value creation."

The "Cx350i" coding and marking equipment from the Domino Business is an industrial printer that can print product information directly onto corrugated cardboard and other materials at high speed. By incorporating the print head into the belt conveyor of a product's packaging line, printing on corrugated cardboard and other materials can be automated, eliminating the process of attaching labels. In addition, the cost of direct printing is less than a tenth of that of labeling, achieving cost reduction in addition to increased productivity. Furthermore, we meet a wide range of customer requirements in the industrial area, including printing on plasterboards and building materials, printing for long periods of time, and printing with red, blue and green colored inks.

The Domino Business will continue to provide products that meet customer needs as well as solutions for labor-saving and automation, with the aim of contributing to "supporting people's value creation," which is one of our materialities, and achieving expansion in the industrial area.



Relevant Social Issues and Materialities

Supporting people's value creation

Support value creation of customers such as food and beverage manufacturers who want to provide security and safety to consumers through traceability. Provide sustainable label printing solutions by eliminating the need for plate making and cleaning during changes and by reducing waste and water consumption in the printing process

Relevant SDGs



Solving Social Issues through Business Activities

<https://global.brother/en/sustainability/csr/management#business>

Nissei Business



Summary of FY2023

- Experienced a decrease in both revenue and profit due to sluggish sales of both reducers and gears caused by low capital investment demand under the impact of the worsening market conditions mainly in China
- Strengthened the lineup of UXiMO-brand high stiffness reducers

Strengths	<p>Reducer</p> <ul style="list-style-type: none">■ Speed delivery and customization capabilities underpinned by a wide range of products that meet global standards■ Existence of users in a wide range of industries resulted in a reduced risk of volatility due to economic fluctuations <p>Gear</p> <ul style="list-style-type: none">■ Top-class manufacturing facilities in Japan and proprietary gear processing technology■ Integrated manufacturing system starting from design, including heat treatment■ Increased manufacturing capacity mainly through the establishment of new factory buildings [1] See page 39.	Opportunities	<p>Reducer</p> <ul style="list-style-type: none">■ Strengthening product and sales capabilities in the field of high stiffness reducers for FA and robot applications <p>Gear</p> <ul style="list-style-type: none">■ Further increasing sales of products for the three key industries* in demand for high-precision gears
Challenges	<p>Reducer</p> <ul style="list-style-type: none">■ Increasing need for automation and labor-saving due to a decline in the working population <p>Gear</p> <ul style="list-style-type: none">■ Growing demand for high-precision gears in the three key industries* where market growth is expected to continue	Risks	<ul style="list-style-type: none">■ Sluggish sales due to the prolonged stagnation of the Chinese economy and weak performance in the robotics industry■ Delay in resolving excess inventories in the robotics industry

Relevant Social Issues and Materialities

Supporting people's value creation
Achievement of labor-saving and automation with robots and automated guided vehicles (AGVs), etc., equipped with Brother products, contributing to improved productivity and elimination of labor shortages at factories, etc.



Solving Social Issues through Business Activities

<https://global.brother/en/sustainability/csr/management#business>

Business Strategy (Business Policy)

Reducer

- Strengthen sales of high stiffness reducers for the FA and robotics markets
- Expand sales in North America and China, where future growth is expected

Gear

- Capture business growth opportunities in the three key industries*
- Increase sales through cross-selling with high stiffness reducers

* Robotics, machine-tool, and reducer industries

Personal and Home Business



Summary of FY2023

- Experienced a decrease in both revenue and profit due to a decline in sales of mainly mid- to high-end models caused by sluggish markets, especially in the Americas, despite positive foreign exchange effects
- Newly added fee-based services to Artspira, a mobile application for crafts that had been released to strengthen the connection with customers as set forth in CS B2024

Strengths	<ul style="list-style-type: none">■ Status of a leading company in the home sewing machine industry that manufactures and sells a wide lineup of products for various purposes, from popular to high-end machines■ Product planning capability that allows for highly original products, such as machines with a built-in projector feature and Disney designs	Opportunities	<ul style="list-style-type: none">■ Continuously pursuing new functions and ease of use that achieve customer delight■ Planning and executing effective marketing measures to acquire new customers
Challenges	<ul style="list-style-type: none">■ Development of new products and services by utilizing the development resources and sales channels of other Businesses in the Brother Group, including the P&S Business■ Increasing demand for original goods and customization	Risks	<ul style="list-style-type: none">■ High resource prices and rising costs for responses to environmental regulations and other operations■ Low-price popular models launched by manufacturers outside Japan

Relevant Social Issues and Materialities

Resource circulation
Contributing to the creation of a sustainable society by promoting upcycling* through Brother products

* Process of transforming materials, which would otherwise be disposed of, to create new value and recycle



Solving Social Issues through Business Activities

<https://global.brother/en/sustainability/csr/management#business>

Business Strategy (Business Policy)

- Provide value such as excitement and ease of use to customers in a timely manner
- Increase LTV by providing more satisfaction and successful experiences through direct connection with customers established using Artspira, a mobile application for crafts, via expanded options of value provided, such as abundant product and service lineups
- Be fully conscious of the global environment by developing products with improved energy-saving performance and promoting upcycling through Brother products

Network and Contents Business



Summary of FY2023

- Achieved an increase in both revenue and profit due to a recovery in the number of customers visiting karaoke clubs and increased sales of online karaoke systems following the launch of new products
- Launched "JOYSOUND X1", a new flagship model of online karaoke systems for business use
- Launched "X PARK", an entertainment platform that connects physically separated karaoke spaces through two-way communication

Strengths	<ul style="list-style-type: none">■ Status of the provider of online karaoke systems for business use which offer the largest number of songs in the industry■ Product development capabilities that enable provision of two-way telecommunication and a wide variety of applications■ A wide range of businesses, such as music therapy content for nursing care facilities and home karaoke systems	Opportunities	<ul style="list-style-type: none">■ Creating new ways of utilizing karaoke systems and karaoke rooms to increase the population of karaoke participants■ Creating new businesses that can become new core revenue sources
Challenges	<ul style="list-style-type: none">■ Diversifying needs due to changes in consumer lifestyles and entertainment, including the advancement of online and virtual services■ Development of communication technology capable of sending and receiving large volumes of data stress-free■ Technological innovation and evolution, including generative AI■ Favorable trends in diffusion indices for leisure-related facilities	Risks	<ul style="list-style-type: none">■ Decrease in the population of karaoke participants resulting from the declining population, changes in entertainment needs, and other factors

Relevant Social Issues and Materialities

Supporting people's value creation
Support of healthy lifestyles and reduction of the workload of nursing care staff by providing music therapy content



Solving Social Issues through Business Activities

<https://global.brother/en/sustainability/csr/management#business>

Business Strategy (Business Policy)

- Achieve advancement of new value provided in karaoke that goes beyond just singing (the entertainment platform X PARK¹⁾ and the "Miruhaco"²⁾ service with visual content to enjoy)
- Diversify business models by creating more new businesses leveraging the network technology cultivated through online karaoke service

¹ A next-generation entertainment platform that goes beyond the conventional notion of karaoke spaces as just a place to sing by connecting them with each other via two-way communication and providing a wide variety of entertainments

² A service that allows users to watch live viewing of music concerts and sports events, as well as curated movies, anime, etc., in karaoke rooms

Human Capital

Capital status

- Number of Group employees: More than 40,000*¹
- Percentage of overseas employees: 76.8%*¹
- Number of core DX talent: 243 individuals*^{1, *2}

*1 As of March 31, 2024
*2 BIL only

Strengths

- A global team of autonomous employees and an open organizational culture

The most important foundation for the Brother Group’s sustainable growth is its talent. 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 “CS B2024,” the 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

Formulation of “Human Resource Policy” and Introduction of New Human Resource System

In recent years, the environment surrounding employees and organizations has changed dramatically through not only globalization but also shifts in society's values and needs. Under these circumstances, it is critical for the Brother Group to continue being the company chosen by customers with the spirit of “At your side” and to foster a corporate culture in which employees can work with even stronger motivation. To accomplish these goals, BIL formulated a “Human Resource Policy” in FY2023. In addition, we have introduced a new human resource system, changing from the previous position-based grading system that placed emphasis on years of service to a role-based grading system that places emphasis on the role played. Under the newly introduced role-based grading system, grades and compensation are determined according to the role that each employee assumes, regardless of length of service or other factors. This system reduces seniority-based elements and better rewards those who produce great achievements and contributions. This system also promotes the early promotion of outstanding talents by shortening the retention period required for promotion of younger employees who bring great achievements and contribution to the Company. Under this system, BIL will encourage “true autonomy and efforts,” as stated in the Human Resource Policy, by maximizing organizational strength while “properly rewarding achievements and contributions.” BIL will also promote activities to “encourage employees to take on challenges” and “improve employee engagement” as set forth in CS B2024, thereby aiming to realize its vision and ever-lasting prosperity beyond.

Human Resource Policy:

- Support “true autonomy and effort” of employees, respect diversity, and properly reward achievements and contributions


 **Talent Development** <https://global.brother/en/sustainability/social/training>

Development of Global Talent

The Brother Group, which maintains production, sales, and service facilities in more than 40 countries and regions, has implemented various talent development programs to develop talents with broad perspectives, high levels of expertise, and the ability to address global issues. As part of this effort, the Group has implemented since FY2008 a trainee system in which young employees are dispatched between BIL and group facilities outside Japan. The trainee program provides young employees with training sessions related to their area of expertise as well as opportunities to gain new knowledge through experiences that differ from their expertise, such as developers visiting customers together with salespersons to hear from customers about their needs and usage conditions, so that they can broaden their perspectives with new knowledge. In addition, since FY2018, the program has also been implementing short-term training for developers and engineers in their 20s to learn at manufacturing or repair sites


outside Japan for one month. This provides an opportunity for developers and engineers to gain new knowledge through experience that differs from their usual scope of responsibilities, such as directly visiting customers, while strengthening collaboration with manufacturing facilities outside Japan. Furthermore, the Group has been organizing a variety of other self-development programs, including language learning programs, for its employees to acquire the skills necessary to be active on a global scale.

Comment from an employee who used the trainee system




— **Learning the True Issues of Customers through Visits to Customers** —

Ayano Tsujii
Labeling Solutions Business Development Dept., P&S Business



— **Learning about Safety and Health Concept and Initiatives in Japan** —

Dien PhamHuu
Safety - Fire Prevention & Environment Section, General Affairs Dept.

 **Comment from an employee who used the trainee system** <https://global.brother/en/sustainability/social/training#04>

Promotion of Assigning Local Employees to Top Management Positions of Facilities Outside Japan and Creating Local Employment Opportunities

The Brother Group encourages the promotion of local talents with the aim of implementing operations in which each facility conducts autonomous management suited to the local business environment. As a result of actively advancing local staff to management positions, including presidents at major sales bases in the United States, China, and other countries, the proportion of local employees in top management positions of facilities outside Japan increased from 61% in 2018 to 67%*¹ in 2023.

The Brother Group has set “enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan” as one of its sustainability targets of CS B2024. The DEI Subcommittee*² has surveyed the current status of major facilities outside Japan during the period from FY2022 to FY2023. As a result, while the challenges of systematically developing successors were revealed, we were also able to identify some examples of good practices. Going forward, in addition to sharing such practices within the Brother Group, we will deepen discussions on optimal talent placement and development, as well as governance systems for autonomous facility management, and promote management that balances locality with globalization.

Furthermore, the Brother Group contributes to the creation of employment opportunities through the establishment and expansion of manufacturing facilities. For example, the manufacturing facility in the Philippines employs over 7,000 local people, and the two manufacturing facilities in Vietnam together employ over 11,000 local people*³.

*1 Including Domino-related companies *2 One of the subcommittees established under the Sustainability Committee. DEI is the abbreviation for Diversity, Equity & Inclusion, a concept of respecting people's diversity and right to equality and encouraging organizations and society to promote more diverse values by including them *3 As of the end of March 2024

Toward a Healthy Gender Balance in Management

BIL has formulated an Action Plan to Support the Success of Women and aims to increase the number of women in managerial positions from 54 as of March 31, 2024 to more than 60 by the end of FY2025 and the number of female candidates for potential managerial positions to more than 100 by the end of FY2025. While supporting the growth of employees regardless of gender from a talent development perspective, BIL provides female employees with many learning opportunities, including roundtable discussions introducing the careers of female managers in the Company, inviting experts to give lectures, joint career training with female employees outside the Company, and opportunities for outside counseling to potential female managers, for the purpose of increasing awareness of balance between life events and one’s career and creating an environment in which management positions are more accessible to them. So far, 78 people have participated in training sessions for female leaders, which began in FY2022. BIL will continue to promote diversity to create an organization in which diverse talents can succeed.

Metrics and Targets:

- Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working*

*BIL

 **See “Sustainability Targets and Progress,” pages 18-19.**

Development of the Foundation to Support Human Capital


Creation of an Environment That Enables Diverse Work Styles

BIL has introduced various systems to support employees’ work-life balance, including the flextime system started in 1995 and the homeworking system started in FY2015. In FY2023, BIL has implemented a system that allows employees to work flexibly regardless of time and place, including the abolition of core hours*¹ under the flextime system and the continuation of the homeworking system following the relaxation of restrictions under COVID-19.


BIL has also introduced various systems, such as short-time working system, that help employees to balance work with childcare, nursing care, medical treatment, etc. We have introduced new systems called the “Babysitter Support System”*² and the “Infertility Treatment Leave System” in FY2023 and FY2024, respectively. BIL has also made an e-learning program on the childcare leave system available to employees and conducted a fact-finding questionnaire survey of male employees who have taken childcare leave.

As a result of these efforts, 70% of the eligible male employees took childcare leave in FY2023, achieving our goal*³ of having more than 60% of male employees take childcare leave for two weeks or more and more than 30% take childcare leave for four weeks or more by FY2025, ahead of schedule.

*1 A time period during which all employees must work *2 Utilizing the Children and Families Agency’s corporate-led babysitter dispatch program *3. Announced in the general employer action plan disclosed under the Act on the Promotion of Women’s Active Engagement in Professional Life


 **Data Regarding Users of Systems for Supporting Work-Life Balance**
<https://global.brother/en/sustainability/social/workplace#w04>

Voice of an employee who utilized the childcare leave system



— **Valuable time with family provided by childcare leave** —

Yasuo Ono IDS Development Dept., P&S Business, Brother Industries, Ltd.

 **Voice of an employee who utilized the childcare leave system**
<https://global.brother/en/sustainability/social/workplace#w03>

Improving of Employee Engagement

In order to realize the transformation required to achieve the Brother Group Vision and to encourage employees to take on new challenges, the Brother Group has made “visualize employee engagement at the global level and improve engagement survey scores” one of its sustainability targets for FY2024 in its materiality initiatives, aiming for a relationship in which employees and the Company grow together and contribute to each other. In addition to an employee awareness survey that has been conducted annually since 2008, BIL conducted a new employee engagement survey 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. In FY2023, we conducted employee engagement surveys at more than 90% of our global facilities to understand the status of employee engagement. Going forward, the Brother Group will continue working on group-wide improvement of engagement by taking measures such as improving the quality of goal setting for each individual and encouraging self-directed career development.


Metrics and Targets:

- Visualize employee engagement at the global level and improve engagement survey scores

 **See “Sustainability Targets and Progress,” pages 18-19.**

Promotion of Health and Productivity Management

The Brother Group considers that managing the health of all employees is important for them to exhibit their talent and skills over a long period of time. BIL established the Brother Group Health & Productivity Management Philosophy in September 2016, which was replaced with the Brother Group Global Health & Productivity Management Philosophy in FY2024 upon the change of the chief health officer (the Representative Director & President of BIL). BIL has 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. BIL’s Health Management Center and the Health Promotion Center of Brother Health Insurance Society closely work together to strategically maintain and promote employees’ mental and bodily health. In addition, BIL is implementing initiatives aimed at resolving health issues for its diverse talent, such as holding health-related seminars for women and implementing measures tailored to the issues faced by different age groups. As a result of these efforts, BIL was chosen as a Health & Productivity Stock 2024.

 **“Healthy Brother 2025”—a set of long-term targets for employee health**
<https://global.brother/en/sustainability/social/health#data>



Round Table with the Senior Managing Executive Officer in Charge of the Human Resources Department and General Managers

**Masakazu Goto**General Manager of Business Development I
Dept., P&S Business Division**Eiji Okada**

General Manager of Human Resources Dept.

Toshihiro ItoSenior Managing Executive Officer in Charge of Law,
Environment & General Affairs Dept., Human Resources
Dept., CSR & Corporate Communication Dept., and
Environment & Climate Change Strategy Dept.**Yumie Tamaru**General Manager of CSR & Corporate
Communication Dept.**Hirotake Nakamura**General Manager of IJ Technology
Development Dept., Development Center

Toward Transformation of the Management Foundation

Encouraging employees to take on new challenges and improving employee engagement

The Brother Group believes that it is important that our employees work with higher motivation with the spirit of “At your side.”—the company spirit that places our customers first in every situation, every time. To facilitate this, in FY2023, BIL formulated a “Human Resource Policy,” aiming to encourage employees to take on challenges and improve their engagement. The medium-term business strategy “CS B2024” defines these two aims as the themes that BIL must pursue for management foundation transformation for a sustainable future. The Company has therefore been promoting activities to achieve this. In the following round table, the Senior Managing Executive Officer in Charge of the Human Resources Department and four General Managers discuss the achievements of these activities, as well as challenges faced therein.

Brother's organizational culture as a source of high engagement

Please tell us about the purpose of the employee engagement survey and the strengths of the Company suggested in the survey results.

Okada: Brother Industries, Ltd. (BIL) has been conducting Company-wide employee awareness surveys since FY2008. In FY2022, we conducted an engagement survey with the aim of visualizing the work satisfaction of Brother Group employees. The survey results have shown that employee

engagement is high and in a good condition overall. Scores are high particularly in such items as “Contributions to customers through work,” “Support from superiors,” “Empathy with the Vision,” and “Collaboration among diverse employees.” I recognize that this shows that the spirit of “At your side.” has fully permeated among employees and has inspired them to work with each other with support from

their superiors to fulfill the Brother Group Vision for 2030.

Ito: I believe the biggest reason for our high engagement lies in our corporate culture of open communication, active discussions about anything, and mutual respect. I believe that, in promoting a project, superiors are making efforts to explain its background and objectives to their subordinates, ask them what they want to do in response, and provide them with support. We ourselves have been trained in this way, so I feel that this culture has been passed down through generations.

Okada: Our engagement scores are high, but raising them itself is not the objective. Instead, I believe that it is important whether the high engagement scores have led to enhancement of our corporate value. We will carefully maintain Brother's strengths, and at the same time, we will also keep a close eye on the scores to ensure that they do not lead to complacency, thereby promoting human resources measures.

Can you give us any concrete example that shows the value of Brother's corporate culture?

Goto: I recognize that one of Brother's distinctive characteristics is low barriers between superiors and their

subordinates. For example, even young employees are offered many opportunities to interact with executives and General Managers. The executives in charge of the P&S Business, Brother's largest business segment, remember the faces and names of most employees, including

new recruits. All people in the P&S Business call each other “XX-san” (a friendly but adequately polite style of addressing someone), regardless of the job title.

Ito: I also hold talk sessions with employees in my departments to deepen communication about the future vision of the Company and their future careers. I believe that superiors' efforts to have one-on-one discussions with each of their subordinates and pay attention to their aspirations and interests have provided a foundation for a lively workplace.

Nakamura: We have a deeply rooted culture of senior employees devoting efforts to nurturing junior employees while supporting them through work. I recognize that the relationships between superiors and subordinates are very good. When I was younger, I used to repeat a process of taking up a challenge and failing in solving it under the guidance of my seniors. We were nurtured in that way, so I naturally interact with my juniors in the same way.

Goto: In addition to the good relationships between superiors and subordinates, I feel that horizontal relationships are also strong. I am responsible for sales

planning and product planning in the P&S Business, and we have very close relationships with the Group's sales facilities and have many opportunities to work with them to work out plans. Therefore, we have a strong sense of sharing the same awareness with them. Within our Company as well, for example, if we in the P&S Business come up with an idea to work with the P&H Business, which is in charge of home sewing machines, to create something new by combining each other's technologies, we can immediately form a cross-departmental research team. We can take prompt action to exchange opinions without having to prepare huge quantities of materials for advance explanations or engage in tedious preliminary coordination. Accordingly, I believe we should be proud of this corporate culture.

Nakamura: I also feel that the barriers between departments are low. When we consult with other related departments

about challenges that we cannot solve within our department, they always readily give us helpful advice. Mid-career recruits are surprised at how low the barriers between departments are. At Brother, product planning and development are often carried out in project teams, which comprise members from different departments, such as Sales, Design, and Manufacturing. They have discussions beyond departmental borders from the basic perspective of providing superior value to customers. I believe that this system of collaboration enabled by lowering the barriers between organizations from the planning stage has underpinned Brother's corporate culture of open communication.

Tamaru: In the engagement survey, the score for “Empathy with the Vision” is high. My department is working globally to share our Vision and Global Charter.

I recognize that at Brother, many employees empathize with the spirit of “At your side.” shown in the Global Charter. As a corporate strategy, overall corporate activities in the value creation process [See pages 14–15.](#) are consistent in the spirit of “At your side.” To ensure that the spirit of “At your side.” will be more deeply rooted and handed down to the next generation, about 500 Global Charter promotional leaders have been appointed worldwide to promote initiatives to share awareness of the Global Charter and Vision at their respective workplaces. As a result, in a questionnaire survey of more than 30,000 Brother Group employees, 93.1% of respondents worldwide selected the answer “I act in accordance with the Global Charter.” We believe that the high score for “Empathy with the Vision” in the engagement survey is the fruit of the efforts we have made to date.



— Challenge identified from the employee engagement survey: Stimulating transformation and innovation —

What challenges and necessary solutions have been identified from the results of the employee engagement survey?

Okada: While we saw high scores for many items in the engagement survey, the scores for “Enhancement of expertise and potential through work” and “Transformation and innovation” were low. This fact suggests that there is a challenge to be solved: employees have not been fully aware of the outcomes of enhancement of expertise, as well as transformation and innovation. To solve this challenge, we have identified from the engagement survey items that would affect “Transformation,” such as “Target setting” and “Enhancement of expertise.” The Human Resources Dept. is now promoting activities to make improvements to these items. In FY2023, we provided all employees with evaluator and evaluatee training. In addition, we have introduced a new internal concurrent job system and other systems.

Internal concurrent job system

<https://global.brother/en/sustainability/social/workplace#w03>

Goto: I agree that “Target setting” is the key to transformation. I believe that passion for a challenge emerges when there is a target to be achieved but there is no clear vision for the path toward it. When you are given a role without knowing the path toward your target, passion emerges in the process of exploring the path. However, the P&S Business has already established its operating process as a growth business through its long history of achievement. Therefore, I recognize that it has become natural for us to continue on the same old path, preventing the emergence of such passion. I hope to provide the staff of my department with the opportunity to take on new challenges so that they can clarify their own target and explore the path toward it, thereby developing necessary passion for those challenges.

Nakamura: I also believe that putting yourself in a challenging situation is the key to creating innovations. I tell my team members not to become like “boiling frogs,” who stay in their comfort zone.

Okada: I think that BIL's low turnover rate is thanks in part to the Company's good corporate culture and favorable working environment. However, on the other hand, it can also be said that the mobility of its human resources is low, and the organization is highly homogenous. Because such an organization is less capable of creating innovations, we have increased the number of

mid-career recruits so that they account for about 40% of our annual recruits. We believe that this will allow employees who have never worked outside Brother to gain inspirations from the mid-career recruits, creating an environment that more strongly motivates all employees to take on challenges.

Nakamura: Unlike ever before, the increased number of mid-career recruits and more diverse teams have brought a good

sense of tension and stimulation to our workplace.

Itou: Rather than remaining in your comfort zone, you should pursue your purpose while at the same time continuing to change in line with changes in your surrounding environment and society. I believe this is what we call “True Autonomy” in our Human Resource Policy.

Tamaru: As part of the corporate communications department, I strive to communicate the Company's future vision, including its intentions and background, in an easy-to-understand manner to external stakeholders while also working to strengthen information sharing within the Company. Completely implementing our business strategy that entails transformation involves the important requirement of all employees changing their behavior. We want to make employees feel proud of working at Brother and increase their motivation to take on transformation challenges.

Nakamura: My department has also created the opportunity to share information with all employees across the Company. The IJ Technology Development Dept., which I am in charge of, is not a business department but rather a department that develops inkjet technology for applications in a wide range of areas, from consumer to industrial use. Earlier in FY2024, we held an internal presentation session to introduce the results of our efforts to develop new inkjet technologies to people outside our department. A total of 660 employees, including Executive Officers, visited the event. After listening to our young engineers giving explanations, the attendees asked them various questions and shared their views. We have received a variety of opinions and are already taking action for the future. For the members who gave a presentation, this was an opportunity to have their technology used in an actual product, making them feel very rewarded.

Okada: In FY2023, we revised our human resources system with a view to both maintaining Brother's long-cherished positive corporate culture, including open communication and dialogue with management, and accelerating True Efforts and employees' True Autonomy, which lead to innovation. The new human resources system places higher value on expertise than ever before, in addition to evaluating employees as generalists. We hope to increase employees' motivation by properly evaluating those who have excellent expertise and use it to produce results.

Itou: Brother has a culture that values employees' happiness. I believe that evaluation with high importance placed on expertise will help increase the value of their existence and thereby their motivation. We hope to pursue employees' happiness through appropriate treatment and other features of our new human resources system.



What do you want senior employees (in managerial positions) to do toward transformation?

Goto: I tell managerial positions to think about their work from a mission- and purpose-based perspective rather than from a task-based perspective, with a view to taking on new challenges and creating innovations. For example, if you feel that you do not have enough staff, you may be tempted to hire more people to fill the gap. However, such a task-based way of thinking will not lead to innovation. I tell them to reconsider whether the task is really necessary in relation to the team's mission and purpose, rather than simply handing the task over to someone else.

— For greater efforts toward transformation and inspiration for innovations —

Finally, could you tell us about the contribution you would like to make and your aspirations?

Tamaru: To ensure that Brother will become “a company which leads to a long, successful future,” we hope to continue our efforts to share our Vision, connect with stakeholders through PR and IR activities, and feed back their opinions about Brother



to the Company, thereby accelerating transformation. We also hope to make as many people as possible Brother fans through our attractive branding and communication strategies. We hope to be able to provide more news than ever before that will give each and every employee a

feeling of satisfaction in working at Brother.

Okada: Headquarters departments, including the Human Resources Dept., do not have much opportunity to feel that they are making a direct contribution to customers, so I ask all members of the Human Resources Dept. to consider what is the purpose they are working for. I have found that many of them want to make a positive contribution to society and the Company and that this would bring them the joy of working. We respect the desire of our department members to be useful to people and society and to be appreciated by them. In addition, we hope to encourage them to consider how and where they can demonstrate the results of their own growth to make such a positive contribution, rather than just focusing on being appreciated by others. To achieve this, we hope to promote human resources measures that encompass all employees.

Nakamura: I truly aspire to use inkjet technology to remake the world for the better. This is not something I can achieve by myself. I need many partners, not just in Brother, but also among external parties, such as suppliers and distributors. I believe the first step I should take as a General Manager to achieve this is to create an environment in which the people

Itou: Each business segment has its own established operating process, and I believe that the P&S Business in particular is operating in a systematic way. Therefore, I believe that, although it is not easy to change the operating process, the key is not to destroy it, but to make it even better, such as by changing the combination or order of operations. Also, having just one innovator is not enough; it is important that the entire team innovates. This requires individual relationships of trust as its basis, so I hope that those in managerial positions praise their subordinates for the results they have produced, no matter how small, and try to create a culture and atmosphere that inspire innovations.

I work with can demonstrate their capabilities to the fullest. Transfers and the hiring of mid-career recruits have increased the number and diversity of members of our team, leading to them giving positive stimulation to each other. I hope to combine the capabilities of individual staff members to create greater power and realize innovation.

Goto: To drive transformation and innovation, I hope to always consider whether the staff are able to maintain their high motivation for work. In the planning departments of the P&S Business, all employees enter their future career plans into a human resources database, and all managers in those departments review these entries and consider personnel placement. From now on, I hope to ensure that employees will be able to receive both feedback about the skills and experience they need and active support for their transfer to other departments if they need a transfer to realize their career goals. Additionally, I will ensure that stories about employees' success in achieving their career goals are actively shared within the department to inspire an increasing number of employees to feel they can do what they want, thereby increasing employee motivation and using this as a driving force for commitment to taking on new challenges and creating innovation.

Itou: I want to make Brother a company where employees can continue to work with peace of mind while thinking, “I want to work at Brother forever” or “I can work with these people for a long time.” To achieve this, the most important thing is to create an environment in which diverse employees can maximize their capabilities. Too much emphasis on efficiency would lead to people with different perspectives and strengths being excluded, resulting in a highly homogenous workplace. If a team has members with different levels of skills in a specific field, it should be managed so that each member's strengths in other fields are fully brought out and leveraged within the team. I hope to perform the kind of management that allows each of the diverse employees to demonstrate their capabilities to the fullest, in order to maximize the performance of Brother as a whole.

Intellectual Capital

Capital status

- Research and development expenditures: 47.9 billion yen
- Number of patents owns worldwide: approx. 30,000
- Number of design rights owns worldwide: approx. 3,000

*FY2023 results

Strengths

- A variety of unique technologies

For the Brother Group, we consider true technical capabilities to refer to the utilization of Brother's variety of unique technologies to create products and services that customers demand. We give full attention to customers and devote ourselves to strengthening our intellectual capital for value creation by constantly thinking about what technologies can be made to satisfy customers and what kind of products will be helpful to customers. Also, by obtaining rights for the values created, we protect our unique technologies and contribute to improving profitability and maintaining our advantages. While effectively utilizing our proprietary technologies and intellectual property rights, we will enhance our brand value with our trusted technological capabilities that enable us to provide products, services, and solutions that are chosen by our customers.

Manufactured Capital

Capital status

- Global manufacturing facilities: 27 facilities*¹

- Capital expenditure:

47.4 billion yen*²

*¹ As of March 31, 2024

*² FY2023 result

Strengths

- Highly cost-competitive and flexible global manufacturing system

The Brother Group has produced highly reliable products while developing a highly cost-competitive and flexible global manufacturing system involving multiple facilities. We are further strengthening our system to mitigate various risks and ensure a stable supply of products to our customers by building new factories, diversifying our manufacturing facilities, and expanding our inventory holding functions to realize the goals of “enhancing supply capability” and “enhancing the industrial inkjet technology foundation” that are part of “towards expansion in the industrial area,” as well as “building resilient and sustainable supply chains” under “management foundation transformation for a sustainable future,” as stated in our medium-term business strategy CS B2024.

Manufacturing technology cultivated through business diversification since the group's founding

The Brother Group started out in the sewing machine repair business. Leveraging its product knowledge gained through sewing machine repairs, it succeeded in the mass production of domestic home sewing machines. After this, the business diversified into typewriters and home appliances, leveraging the press-molding and precision processing technologies it had cultivated. Furthermore, by combining motor and electronic technologies, it has provided customers with a variety of unique products, including machine tools and communications and printing equipment.

Product and Technology Timeline of Brother

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

Decade	Base Product / Technology	New Products / Businesses
1990s	Information and communications technology for fax machines Electrophotographic technology and inkjet printing technology for printers	Compact All-in-Ones
2000s	Inkjet printing technology for home printers	Garment printers

System supporting intellectual property strategies

At Brother Industries, Ltd., the development departments and the intellectual property department consider intellectual property strategies from various perspectives and set goals for each business area. To ensure the implementation of our intellectual property strategies, we hold regular reporting meetings and, for matters requiring important decision-making, we report to the management, including officers in charge of each business, as needed and ask for their instructions.

Meanwhile, we have established incentive and award systems for employees to encourage the creation of inventions and designs as well as intellectual property activities. Even though in-house inventions are under control as know-how rather than applying for patents, the systems also reward those controlled inventions.

Moreover, in FY2023, we received the Chubu Regional Invention Award for our invention of a highly durable inkjet print head that achieves longer product lifespan. Such external invention awards have been broadly announced throughout the Company.

Measures to invest in and strengthen intellectual capital

Aiming for a business portfolio transformation to realize “At your side 2030,” the Brother Group is working on the research and development of a variety of unique technologies to create products and services desired by its customers. In FY2023, the Brother Group as a whole invested approximately 47.9 billion yen in R&D. We possess numerous patents for inkjet print head technology, which strengthens the Industrial Printing area, one of the pillars of our business portfolio transformation. In the P&S Business, we have named our new inkjet printing technology “MAXIDRIVE,” and by branding it as a technology trademark, we protect our intellectual property in both patent and trademark aspects. Moreover, as part of our efforts for the business portfolio in future, we are strengthening collaboration with external parties such as Nagoya Institute of Technology to promote the creation of new technologies and businesses. In addition, we provide engineers and designers with training opportunities to deepen their knowledge of intellectual property on their own level. We also provide intellectual property department personnel with professional education through multi-year programs.

Approximately 30,000 patents worldwide

The Brother Group obtains intellectual property according to the situation of each business area. In the Printing area, we continue our activities to possess a considerable number of valuable patents in order to increase profitability and maintain our competitive advantage. We also conduct strategic intellectual property activities, including obtaining patent rights as a barrier to entry, by identifying promising technologies through collaboration between the development departments and the intellectual property department. In March 2024, the “Clarivate Top 100 Global Innovators 2024” title was awarded to Brother Industries, Ltd. for the seventh time by Clarivate, a U.K.-based company, as an organization at the top of the global innovation ecosystem. Moreover, we may issue warnings or enforce our rights against infringing activities. Meanwhile, we respect the rights of third parties and conduct diligent research to ensure that we do not infringe any intellectual property rights of others when developing new products.

Status of Patents

No. of published patent applications in Japan	1,180 (FY2023)
No. of patents granted in Japan	991 (FY2023)
No. of patents granted in the U.S.	649 (FY2023)

Risk Hedging and Achieving Cost Competitiveness through the Promotion of Global Manufacturing Strategy

Start of operations P&S Business: Brother Industries (Philippines), Inc.'s new factory building “Factory No. 3”

One of the main manufacturing facilities in the P&S Business, Brother Industries (Philippines), Inc., has constructed “Factory No. 3,” which started operations in March 2024, for increased production capacity in preparation for further increases in product sales. By enabling the production of various types of printers and All-In-Ones, Factory No. 3 will flexibly respond to changes in the business environment and meet customers' needs. We are also strengthening our BCP measures by also having a warehouse function for storing parts and products in case a risk arises in terms of logistics.



Brother Industries (Philippines), Inc. Factory No. 3

Start of operations Hoshizaki Factory: New factory building “Hoshizaki Factory No. 13”

“Hoshizaki Factory No. 13,” which was constructed within the premises of the Hoshizaki Factory in Japan (Nagoya, Aichi), started operations in July 2024 as a production facility to strengthen our production capacity for consumer and industrial inkjet printheads and related components. Hoshizaki Factory No. 13 has enabled efficient production by consolidating the production processes of critical components that were previously dispersed across multiple facilities. In addition, as part of its BCP, it has become the first Brother Group building to adopt a seismic isolation structure. Through these measures, in addition to strengthening the profitability of the P&S Business, we aim to achieve the goal of “enhancing the industrial inkjet technology foundation” set forth in “CS B2024.”



Hoshizaki Factory No. 13

Strengthening Manufacturing Facilities towards Expansion in the Industrial Area

Completed Machinery Business, Industrial Equipment: A new factory of Brother Machinery India Private Ltd.

India has a population of over 1.4 billion people, and with continued population growth and economic growth, a large market expansion for machine tools is expected, especially for automobiles and motorcycles. Therefore, in September 2024, the Brother Group completed the construction of a new factory in India, which will be the third manufacturing facility for machine tools, following those in Japan and China. The new factory is scheduled to start operations in December 2024. By manufacturing in India, we will be able to deliver products to customers in India with shorter delivery times.



New factory in India

Under construction Minato Factory: A new warehouse, “Minato Warehouse No. 2”

In order to meet the increased demand for storage of products and parts, which is expected to grow in view of “expansion in the industrial area,” we are constructing “Minato Warehouse No. 2” at the Minato Factory (Nagoya, Aichi) of BIL, which is scheduled to be completed in January 2026. Minato Warehouse No. 2 is designed to accommodate BCP measures by placing the building floor 80 cm higher than the expected height of a tsunami. Upon completion, in addition to meeting the increased storage demand for products and parts of the Machinery Business, we plan to transfer the functions of the distribution center located in Nagoya to the new facility to improve the efficiency of warehousing and logistics operations for the entire Group in Japan.



Rendering of “Minato Warehouse No. 2,” a new warehouse at the Minato Factory

Start of operations Nissei Business: New factory building, “Plant K”

Nissei (Anjo, Aichi) has constructed a new building, “Plant K,” on the premises of its head office factory to secure production capacity to expand sales of gears for factory automation and robots, and the building began operations in April 2024. Plant K has solar panels installed on the roof and has no pillars inside, allowing for a flexible layout. In conjunction with the start of operations of Plant K, we have begun restructuring the layout of the entire head office factory with Plant K as the axis, in order to shorten lead times and streamline* the manufacturing process. In addition, we have secured an area for further automation of equipment, aiming to improve productivity throughout the factory. The layout restructuring is scheduled for completion in January 2025.

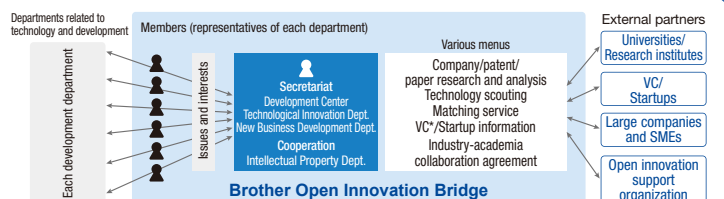


Nissei Business New Factory Building “Plant K”

* Achieving a state in which goods and information flow smoothly in the production processes of the manufacturing sector

Column Open innovation

In order to resolve our customers' problems, we have built an internal platform that uses technologies and information from both inside and outside the Company and are promoting open innovation. As our internal platform, we operate the Brother Open Innovation Bridge, which compiles the technical issues and interests of each development department within the Company, identifies and introduces optimal external partners such as universities and startups, and enables the sharing of information researched and analyzed within the Company.



* Venture Capital company: An organization that invests in venture companies expected to have future growth

Social and Relationship Capital

Capital status

- Number of consolidated subsidiaries: 106 companies*1
- Number of countries and regions supplied with Brother products and services: More than 180*1*2

*1 As of March 31, 2024
*2 Countries or regions with Brother sales facilities or authorized Brother agents

Strengths

- Global customers and business partners that we grow together with

As for strengthening social and relationship capital, the Brother Group will continue to provide excellent customer experiences and value through the expansion of businesses that connect with customers and other efforts toward achieving “supporting people’s value creation” as one of its materialities.

In pursuing another materiality, “pursuing a responsible value chain,” the Group will ensure respect for human rights as well as safety and security for all people involved in the Group’s business while co-creating value with business partners.

Trusting Relationships with Stakeholders Based on the Global Charter

Based on the “At your side.” Spirit, the Brother Group aims to create social value through business activities. The foundation of this is the building of long-term, trustful relationships with our stakeholders as outlined in the Global Charter. All employees of the Group act with this sense of value to continue to promote its management with an emphasis on sustainability.

 **Stakeholder Engagement** <https://global.brother/en/sustainability/csr/stakeholder>

Expansion of Business That Connects with Customers

To “accelerate P&S business model transformation” as stated in “CS B2024,” the Brother Group is undertaking a shift to a business model that connects more proactively with customers who use its products.  See “Promoting initiatives to connect with customers toward transformation in the Printing area” page 27.

In addition, we are working to build a one-to-one marketing system in order to “Enhance and expand connections with customers” as set forth in CS B2024. As part of our one-to-one marketing, the P&H Business released “Artspira,” a mobile application for crafts, in FY2022. Artspira is an app that provides the data content and instructions necessary for making creations to the many customers who enjoy crafts such as sewing, embroidery, cutting, and printing. In FY2023, we enhanced our services, including the launch of paid services that offer more design content and editing tools. By creating an environment where we can communicate directly with customers through Artspira, we will be able to make proposals based on their product usage and the products they own, which we believe will also lead to improved LTV. Going forward, we aim to provide even greater value to our customers by utilizing the data we obtain from our connections with them to make proposals that are tailored to the needs of each individual customer, rather than taking a one-size-fits-all approach.


“Pursuing a Responsible Value Chain” as Stated in the Materiality

Responsible Business Alliance

Since BIL joined the Responsible Business Alliance (RBA) in January 2019, we have been strengthening our supply chain risk assessment and the implementation system for corrective actions based on assessment results in the areas of labor, health and safety, environment, ethics, and management systems as stated by the RBA in its Code of Conduct. As a result of audits conducted by third-party organizations certified by the RBA, since FY2022, BIL’s three manufacturing facilities have received RBA Platinum certification, and the Group has achieved one of the sustainability goals it has set to address its materiality, “Attain RBA Gold certification for three Group manufacturing facilities.” In addition, we are strengthening our efforts toward “pursuing a responsible value chain,” which is listed as one of our materialities. These efforts include self-assessment conducted at our main manufacturing facilities using a self-assessment tool provided by the RBA in order to confirm that there are no significant risks.

RBA Certified Facilities in the Brother Group (as of May 2024)

Facilities	Status	Date of Acquisition	Facilities	Status	Date of Acquisition
BROTHER INDUSTRIES (VIETNAM) LTD.	Silver	April 14, 2024	BROTHER INDUSTRIES (PHILIPPINES), INC.	Platinum	November 18, 2023
BROTHER TECHNOLOGY (SHENZHEN) LTD.	Platinum	October 3, 2023	BROTHER INDUSTRIES, LTD. (Hoshizaki Factory)	Platinum	May 3, 2024

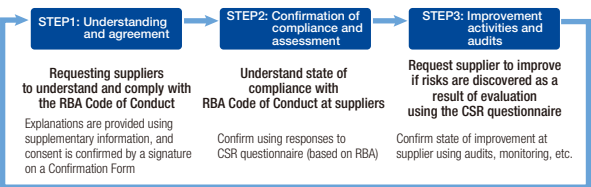
 **Responsible Business Alliance**


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

Co-Creation of Value with Suppliers (Business Partners)

The Brother Group is working to raise the level of CSR procurement by formulating Procurement Policy and CSR Procurement Standards and carrying out awareness-raising activities, including explaining them to suppliers. The Group is also implementing the CSR Procurement Level-up Program for suppliers to its manufacturing facilities (P&S Business). The program has evolved further since FY2023 as the information to be understood for consent changed from the Brother Group’s CSR Procurement Standards to the RBA Code of Conduct to promote activities toward RBA compliance. With regard to the procurement of minerals for raw materials and parts, we are striving to ensure transparency in the supply chain and to avoid the use of conflict minerals through formulating policies and surveying usage. In addition, we are cooperating with our suppliers to build a parts procurement system that can flexibly handle changes by establishing relationships that enable us to have multiple procurement channels and to quickly consider alternatives in the event of design changes, even in normal times.

CSR Procurement Level-up Program



 **CSR Procurement Efforts**

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


Respect for Human Rights

The Brother Group Principles of Social Responsibility have been established to clearly define our corporate responsibility and actions toward achieving a sustainable society. In addition, the Group has been promoting efforts, such as respecting the human rights of all people involved in its business and preventing negative impacts on human rights throughout the value chain, based on “pursuing a responsible value chain” as one of its materialities. The Group established the Brother Group Human Rights Global Policy (Human Rights Policy) in January 2023 and conducts human rights due diligence on our suppliers. It has also established a consultation and whistleblowing helpline for all stakeholders, and offers human rights training programs within the Group.

Implementation Structure

The Brother Group has established the Responsible Value Chain Subcommittee as one of the subcommittees under the Sustainability Committee to promote group-wide global efforts to ensure respect for human rights.

This subcommittee formulates global human rights due diligence policies and implements human rights due diligence throughout the value chain as its activities to ensure that the human rights of people involved in the Group’s business are respected and to provide safe and secure workplaces for workers.

 **Sustainability Committee**


<https://global.brother/en/sustainability/csr/management#m01>

Metrics and Targets:

- Attain RBA Gold certification for three Group manufacturing facilities
- Expand the human rights risk assessment on suppliers

Establishment of the Brother Group Human Rights Global Policy

In January 2023, BIL formulated the Human Rights Policy to clarify the international norms that it adheres to, such as the International Bill of Human Rights, as well as the human rights issues that the Group recognizes as important. It also declares that the Group will work on measures to prevent negative impacts on human rights that may arise from its business activities and require its suppliers to comply with the Policy.

 **Brother Group Human Rights Global Policy**

<https://global.brother/en/sustainability/social/human-rights#policy>

Implementation of Human Rights Due Diligence

The Brother Group conducts human rights due diligence with the aim of achieving responsible procurement in its supply chain. Specifically, we conduct surveys on first-tier suppliers*1 of our main businesses annually*2 to confirm that there is no forced labor, child labor, or health and safety issues. In addition, in FY2023, we expanded the scope of our survey to include some of our second-tier suppliers, which are the upstream of first-tier suppliers, so as to further promote our efforts toward responsible procurement. We request improvements in writing as necessary and conduct audits, including on-site audits, of selected first-tier suppliers based on the results of our surveys.

*1 Suppliers mean companies that supply parts that are necessary for manufacturing Brother products.

*2 Once every two years for those of the Domino Group.

FY2023 Targets and Results of Human Rights Due Diligence

Assessment based on survey	Target 1,099 companies	Result 1,129 companies
Onsite or online audit	Target 10 companies	Result 10 companies
Number of companies subject to correction after audit		Result 0 company

Establishment of Grievance Mechanism

The Brother Group joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in FY2022, and established a whistleblowing helpline where the Group’s suppliers, customers, investors, employees, and all other stakeholders can raise specific concerns about human rights. This helpline allows anonymous reporting so that whistleblowers can report without fear of retaliation. When a report is received, we promptly investigate the case. In case negative impacts on human rights or human right risks are identified, we take necessary corrective action. No grievances were reported from FY2022 to FY2023.

Human Rights Training

The Brother Group conducts training related to human rights to raise employees’ awareness.

In FY2022, BIL conducted an e-learning program on the Human Rights Policy and the Group’s initiatives to promote respect for human rights for all its employees. In FY2023, such e-learning programs were also implemented at Brother Industries (Vietnam) Ltd., a manufacturing facility in Vietnam. Other efforts to deepen understanding of the Brother Group’s human rights initiatives globally include holding study sessions on “business and human rights” for BIL employees and holding human rights seminars at Taiwan Brother Industries, Ltd., a manufacturing facility in Taiwan.

Human Rights Management Cycle Chart



Based on the Human Rights Policy, the Brother Group implements human rights due diligence based on human rights education and communication with suppliers. In implementing human rights due diligence, we engage in earnest dialogue with stakeholders regarding human rights, and address any human rights issues that may still arise by establishing a grievance mechanism, thereby reinforcing our commitment to respect for human rights.

Natural Capital (Environmental Initiatives)

Capital status

- Resource consumption (raw materials for products) 173,996 t*
- Total energy consumption (crude oil equivalent) 42,381kL*

* FY2023 results

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

Safety and environmental impact shall be prime considerations at all stages of the product lifecycle to build a society capable of sustainable development. With this as the cornerstone, we seek to deploy environmental activities in accordance with the basic philosophy of the Brother Group's Environmental Policy.


 Brother Group's Environmental Policy

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

Environmental Vision 2050 and CS B2024

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



Brother Group Environmental Vision (2050 targets)

Targets and goals		Medium-term Targets for FY2030	
Reduction of CO ₂ emissions	Aim to achieve carbon neutrality within the entire Group in all business operations and minimize CO ₂ emissions from the entire value chain so as to contribute toward creating a carbon-free society	●[Scopes 1 and 2] Achieve 65% reduction from the FY2015 level ●[Scope 3 C1, C11, and C12] Achieve 30% reduction from the FY2015 level	<div><div>SCIENCE BASED TARGETS</div><div>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</div></div>
	<div>Main efforts</div> Introduction of solar power generation, renewal of air conditioning facilities, renewal and adoption of energy-saving for production facilities, etc.	* The medium-term target for FY2030 has been recognized as a target based on scientific evidence (1.5°C target) by the Science Based Targets initiative (SBTi), an international initiative established to help achieve greenhouse gas emissions reduction targets.	
Resource Circulation	Maximize resource circulation within the entire Group toward 2050 to ensure the sustainable use of resources and minimize the environmental impact due to wastes	●Reduce the ratio of virgin materials used in products*1 to 65% or less*2 by FY2030 through the expansion of circular-economy-based businesses and materials recycling.	
	<div>Main efforts</div> Expansion of circular-economy-based businesses, reuse of products and parts, use of recycled materials, etc.	*1 Including packaging materials *2 Applies to the Printing and Solutions Business, Machinery Business, and Personal and Home	
Biodiversity conservation	Minimize the environmental impact of business operations within the entire Group on the ecosystem and promote activities to restore and conserve the ecosystem beyond the impact	●The Brother Group assesses the environmental impact of its business operations on the ecosystem and the effectiveness of restoration and conservation activities, and works to avoid and reduce the environmental impact on the ecosystem.	
	<div>Main efforts</div> Biodiversity conservation activities, reduction of CO ₂ emissions, and promotion of resource circulation	●The manufacturing and sales facilities of the entire Group work on ecosystem restoration and conservation activities on a voluntary basis depending on the situation in each region.	

The Brother Group has set sustainability targets for the period of the medium-term business strategy CS B2024 to address the five materialities for achieving “At your side 2030” Vision, and is promoting the efforts as important management issues. Of the five materialities identified, the ones related to the protection of the earth are CO₂ emissions reduction and resource circulation.

 See “Medium-Term Business Strategy” on pages 17-23

Target for FY2024 and Achievements so far

Materiality		Target for FY2024	Achievement in FY2019-FY2023
Protect the earth	Reduction of CO ₂ emissions	[Scope 1 and 2] Reduce CO ₂ emissions by 47% from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level	CO ₂ emissions (Scopes 1, 2, and 3) <div> See “Non-financial Indicators” on page 65</div>
		[Scope 3 C1, C11, and C12] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level	
	Resource Circulation	Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%	Amount of production waste / amount of recycling <div> See “Non-financial Indicators” on page 65</div>

Reduction of CO₂ Emissions

Efforts to Reduce CO₂ Emissions at Business Sites

In FY2023, the Brother Group newly installed solar panels at the Hoshizaki Factory and the Research & Development Center in Japan, as well as at Brother Technology (Shenzhen) Ltd., Brother Industries (Vietnam) Ltd., and Brother Industries (Philippines), Inc. outside Japan. The combined output of these panels is approximately 6,700 kW. As a result of this initiative, the total output of solar panels installed at the Brother Group’s facilities has increased by approximately 16 times compared to the FY2021 level.

At Minato Warehouse 1 adjacent to the Minato Factory, where solar panels were installed in FY2022, a combined on-site and off-site PPA* has been introduced. The power generated by the solar panels is consumed at Minato Warehouse 1, and the surplus power is transmitted to the Brother Museum and the Brother Head Office building, ensuring the efficient use of renewable energy. This is the first pioneering initiative in the Chubu region, which will lead to the expanded adoption of renewable energy.



* PPA is the abbreviation for “Power Purchase Agreement,” a system in which a company that owns and manages solar power facilities provides electricity generated by a solar power generation system installed on the premises, roof, or other space provided by the facility owner to the facility’s electricity users for a fee.

Improvement of the CO₂ Emissions Reduction Effect of Products



The Brother Group has identified business portfolio transformation as one of the key themes in “CS B2024.” In the field of new businesses, the Brother Group aims to create businesses that will help solve materiality issues, such as productivity improvement, labor saving and automation, support for various businesses, CO₂ emissions reduction, and resource saving, as businesses that support worker productivity and creativity and businesses that help protect the earth. Based on this policy, BIL has been engaged in the development of fuel cells, a clean energy source that generates electricity using hydrogen and oxygen from the air as fuel and produces only water as a byproduct, as well as a project utilizing pole-mounted pipelines to transport hydrogen safely and affordably and make hydrogen utilization more accessible. BIL is also advancing various hydrogen utilization initiatives, including the supply of green hydrogen produced using renewable energy. The Brother Group will continue to actively promote further hydrogen utilization under the “PureEne” brand and will engage in continuous efforts toward achieving a carbon-neutral society.

 Fuelcell

<https://sdgsstory.global.brother/e/customer/457/>

Resource Circulation and Waste Reduction

World’s First Blue Angel Certification for Recycled Toner Cartridges

In June 2023, Brother’s recycled toner cartridges produced at its Slovakian factory received the German environmental label “Blue Angel” certification (DE-UZ 177)*.



* The standards applicable to recycled toner cartridges and ink cartridges for printers, All-in-Ones, etc.

Water Usage Reduction Initiatives

Securing safe water resources is an important environmental challenge common across the globe.

The Brother Group has been monitoring all of our sites regularly, evaluating water risks at each site every year, and working to reduce

water consumption to fulfill our responsibilities as an operator of manufacturing facilities in many countries and regions. At the 13 facilities with relatively higher water consumption, we formulate water management plans and implement various initiatives.

In FY2022, we formulated the Brother Group Environmental Action Plan 2024 (effective from 2022 to 2024), setting a target to reduce water withdrawal at manufacturing facilities from the previous fiscal year (per unit of sales), and we are committed to reducing water usage.

For example, BTSL implemented measures in FY2023 such as improvement of water spraying equipment, introduction of new cleaning methods, increased use of air conditioning water, and utilization of wastewater from analyzers, resulting in a 11% reduction compared to the FY2022 level (per unit of sales).

 Water Consumption / Amount of Recycling: See “Non-financial Indicators” on page 65

Biodiversity Conservation



In October 2023, BIL joined the 30by30 Alliance for Biodiversity*1, a coalition of volunteers launched by the Ministry of the Environment (MOE) to actively develop initiatives for biodiversity conservation. At the same time, the MOE has recognized BIL’s “Brother Forests in Gujo”, which BIL has been operating since 2008 as part of its environmental protection activities, as a “Nationally Certified Sustainably Managed Natural Site”**2 (first half of 2023) to achieve the 30by30 target. In August 2024, “Brother Forests in Gujo” was also registered in the World Database on OECMs*3, one of the international databases managed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), as an OECM.

In addition to the above initiatives, the Brother Group will continue its biodiversity conservation efforts worldwide, including activities to protect tropical rainforests and the habitats of endangered wildlife in Peru through the promotion of the “Cool Earth Eco-Rewards initiative,”**4 as well as projects to regenerate mangrove forests in Thailand and prevent desertification in China.

*1 The 30by30 Alliance for Biodiversity is a target to effectively conserve at least 30% of the land and sea as healthy ecosystems by 2030, which was agreed upon at the G7 Summit in 2021.
*2 The Nationally Certified Sustainably Managed Natural Site is an area where biodiversity is being conserved through private initiatives and other efforts as part of Japan’s actions to achieve the 30by30 target, and the Japanese government began certifying these sites in FY2023.
*3 OECM stands for “Other Effective Area-based Conservation Measures,” referring to areas that are not designated as national parks or similar protected areas but where biodiversity can be effectively conserved.
*4 The Cool Earth Eco-Rewards initiative is an activity in which funds, based on the volume of collected consumables such as toner and ink cartridges, are donated to Cool Earth.

 Biodiversity Conservation

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

Natural Capital (Environmental Initiatives)

TCFD



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

The Brother Group has identified the reduction of CO₂ emissions as one of the materialities (priority social issues to be solved) in order to contribute to society and protect the earth, and has set sustainability targets. In February 2020, the Brother Group expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). In 2021, based on these TCFD Recommendations, the risks and opportunities of climate change with regard to our P&S Business, Machinery Business, P&H Business and new businesses were analyzed, and relevant information was disclosed. We will expand the scope of businesses subject to analysis and strive to enhance our information disclosure as well as further stepping up our climate change countermeasures in order to contribute to the formation of a decarbonized society.

Governance

The Brother Group has established the Sustainability Committee, chaired by the Representative Director & President, to promote materiality initiatives globally, and the Environment & Climate Change Subcommittee, which specializes in addressing the materialities related to the future of the Earth, particularly climate change, under the Sustainability Committee.

The Sustainability Committee is strengthening company-wide management with a focus on sustainability by having the President (or a person assigned by the President), who chairs the committee, report on activity plans and results of activities, including climate change measures, three or more times a year at committee meetings and one or more times a year at the Board of Directors' meetings. Furthermore, to ensure that the efforts are effective, executive remuneration is linked to the progress of major climate change-related targets.

As for the Environment & Climate Change Subcommittee, it is chaired by the General Manager of the Environment & Climate Change Strategy Department and aims to manage the progress of sustainability goals and promote activities related to the environment, particularly climate change, and regularly reports on the status of these activities to the Sustainability Committee.

When formulating and revising important matters such as environmental risks and environmental issues, they are reviewed by the Sustainability Committee or the Environment & Climate Change Subcommittee, then deliberated at the Strategy Meeting, finalized by the Board of Directors, and directed and supervised by the management.

The Environment & Climate Change Subcommittee held four meetings in FY2023. The Sustainability Committee held ten meetings, and reported the results of the

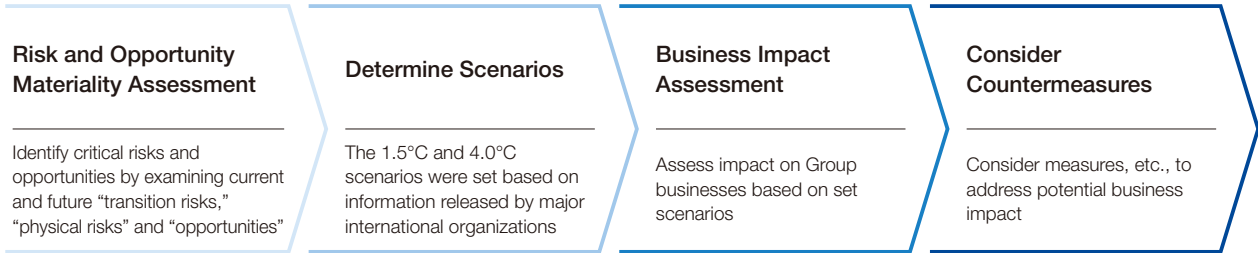
discussions made by the Environment & Climate Change Subcommittee at four of those ten meetings. At the Board of Directors meeting, the Sustainability Committee reported on its activities once.

Strategy (scenario analysis)

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

In FY2020, the Brother Group identified seven key risks and opportunities based on the “1.5°C scenario”^{*1} and the “4.0°C scenario”^{*2} for its major businesses and evaluated their impact on its own operations and finances^{*3}. As a result of this analysis, it was determined that efforts toward carbon neutrality, especially in addressing the circular economy, are important for the Brother Group in terms of both risks and opportunities. In order to incorporate this into its business strategies and activities, the Brother Group has included “undertake environmental efforts toward carbon neutrality” in the “management foundation transformation for a sustainable future” section of its medium-term business strategy “CS B2024,” has set sustainability goals related to CO₂ emission reduction and resource circulation, and is carrying out activities to achieve these goals as priority management issues.

^{*1} Scenario in which global warming countermeasures are implemented and a decarbonized society is closer to being realized.
^{*2} Scenario in which global warming countermeasures are not taken beyond the current level and temperatures continue to rise further.
^{*3} Based on IEA (International Energy Agency) SDS (Sustainable Development Scenarios), IPCC (Intergovernmental Panel on Climate Change) RCP8.5 scenario, Aqueduct (water risk assessment tool), etc.



Climate-related risks

	Changes in the external environment	Financial impact* ¹	Estimated time* ²	Impact on the Brother Group	Countermeasures
Transition risks (Policy and legal risk, changes in the market)	Introduction of carbon tax or increase in carbon tax rate	Medium	Medium-term	Increases in product and service costs due to introduction of carbon tax or increase in carbon tax rate	●Reduce CO ₂ emissions in offices (Conduct energy-saving measures at each facility and utilize renewable energy sources) ●Reduce CO ₂ emissions in products (Improve energy efficiency of products, Reduce the number of parts and packaging materials) ●Participate in industry activities to promote corporate carbon neutrality (Participate in the Green x Digital Consortium of the JEITA ^{*3})
	Shift from gas/diesel vehicles to electric vehicles	Medium	Short-term	Falling demand for metalworking parts for internal combustion engines	●Develop compact machine tools for EVs (Develop new products in the SPEEDIO series that boast high energy-saving performance and productivity)
	Circular economy ●Strengthening of environmental regulations ●Growing market demand	—	Short to Medium-term	Sales opportunity losses owing to lag in meeting environmental regulations and market demand in the communications and printing equipment sectors	●Reduce waste and virgin materials (Use recycled and reused materials in products, Use recyclable cushioning materials for packaging materials) ●Research future regulatory trends (Gather information on environmental regulation trends in Europe and reflect these in product development)
Physical risks (Acute)	Intensified damage from extreme weather events such as cyclones and floods	Medium	Short to Long-term	Production could be suspended due to floods	●Ensure parts inventories that can withstand temporary production halts ●Implement risk countermeasures through multi-site production for some models ●Strategically consider parts suppliers and their upstream suppliers

^{*1} Financial Impact Low: 1 billion yen or less Medium: 1 to 10 billion yen Large: Over 10 billion yen -: Consider in the future
^{*2} Estimated Time Short-term: Within 10 years Medium-term: 10-50 years Long-term: Over 50 years ^{*3} JEITA: Japan Electronics and Information Technology Industries Association

Climate-related opportunities

Changes in the external environment	Impact on the Brother Group	Countermeasures
Increasing need for customers to cut CO ₂ emissions	Increased demand for energy-efficient products and low-carbon products	●Expand sales of ENERGY STAR compliant products ●Invest to collect information on future environmental technologies Invest in the Mirai Creation Fund III and WiL Ventures III
Shift from gas/diesel vehicles to electric vehicles	Rising demand for machine tools to increase new manufacturing workpieces for electric vehicle-related parts, etc.	●Develop compact machine tools for EVs Develop new products in the SPEEDIO series that boast high energy-saving performance and productivity
Circular economy	Secure business opportunities through the expansion of circular-economy-based businesses	●Expand circular business, such as through subscriptions

Risk Management

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

In FY2022, the Brother Group established a Sustainability Committee chaired by the president to promote sustainability and risk management, including climate change response,

Metrics and Targets

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

Similarly, the resource circulation section of the Brother Group Environmental Vision 2050 states that the Brother Group aims to maximize resource circulation to achieve sustainable use

to identify and assess priority climate change risks and opportunities and provide appropriate response instructions. The Environment & Climate Change Subcommittee, established under the Sustainability Committee, identifies key issues such as climate change, determines and implements appropriate countermeasures. In addition, the subcommittee sets ambitious targets for climate change response and monitors progress on a regular basis.

of resources and minimize the environmental impact caused by waste toward the year 2050.

The medium-term target for FY2030, the milestone for this vision, sets a goal of reducing the ratio of virgin materials used in products to less than 65% by FY2030 through the expansion of circular-economy-based businesses and the recycling of resources.

Furthermore, short-term targets for 2024 are set in CS B2024 and the Brother Group Environmental Action Plan 2024 as milestones toward achieving the medium-term target for FY2030. They are then broken down into targets for each fiscal year, and the progress and results are reported to the Environment & Climate Change Subcommittee and the Sustainability Committee.

📖 See “Non-financial Indicators” on page 65

📄 Brother Group Environmental Vision 2050 “Medium-term target for FY2030”

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

Message from the Chairman – Brother's Future Aims –

Q What are the features of Brother's Board of Directors?

A In order to respond to wide-ranging global business issues in this rapidly changing era, it is important to formulate a detailed strategy taking into account the opinions from Outside Directors with different insights and expert backgrounds and to implement it as quickly as possible. We must also be able to respond quickly and flexibly to unexpected situations.

Approximately half of the Board of Directors of Brother Industries, Ltd. consists of Outside Directors, all of whom have diverse skills required for corporate management, including global business experience, rich management experience, high levels of expertise, and experience in resolving social issues, without being biased toward any particular field. A distinctive feature of Brother's Board of Directors is that very lively discussions take place at each of its meetings. Moreover, the Audit & Supervisory Board, which serves as a counterpart to the Board of Directors, is also comprised of a majority of Outside Auditors with diverse skills. At Board of Directors meetings, we receive proactive opinions and suggestions from all auditors, regardless of their position.

In order to deepen discussions at Board of Directors meetings, we continue to devise and improve methods for sharing internal information, including discussions held at management meetings and other events. In addition to its supervisory function, the Board of Directors also serves as a forum to obtain good advice from Outside Directors and Auditors toward achieving the Group Vision and the medium-term business strategy.

Q What will be required of the Board of Directors in the future?

A With the appointment of a new President, we have a new executive structure. I would like to support the new President and deepen discussions on how the Board of Directors should govern so that the

Brother Group can contribute to society and protect the earth. While passing on the Brother Group's flat and open organizational culture and culture of support for taking on challenges, we will consider encouraging and mechanisms to accelerate transformation and provide appropriate supervision.

We will work closely with the Corporate Governance Subcommittee of the Sustainability Committee to discuss the ideal structure of the Board of Directors and to strengthen the diversity of Directors and Executive Officers.

Q How will you contribute to enhancing our corporate value?

A To achieve the Group Vision, we will accelerate the business portfolio transformation and the strengthening of our management foundation, thereby realizing sustainable growth. The most important element in promoting this is human resources. Making the most of diversity and enabling every person to play an active, positive, and energetic role will lead to enhance long-term corporate value for the Brother Group.

To ensure that we can continue generating this virtuous circle forever, I encourage our employees in their efforts to take on new challenges. "Terry's* Challenge Academy," which supports young employees in taking on challenges, is now in its 11th year and has been attended by 239 employees. As the head instructor at the academy, I share the perspectives and beliefs I have gained from my over 23 years of experience outside Japan and experience as a leader, as well as the importance of making mistakes and taking on challenges. Among other things, what I always tell them is to have an overwhelming sense of ownership and be actively involved in other people's business. By conveying the importance of working together with colleagues to achieve goals while expressing themselves to each other without hesitation, I hope to be able to support the dreams and aspirations of as many employees as possible.

* "Terry" is the nickname of Chairman Toshikazu Koike

Passing on Our Corporate Culture of Taking on Challenges with an Overwhelming Sense of Ownership to the Future and Supporting the Acceleration of Transformation



Toshikazu Koike

Director & Chairman
Chairperson of the Board

Composition of the Board of Directors

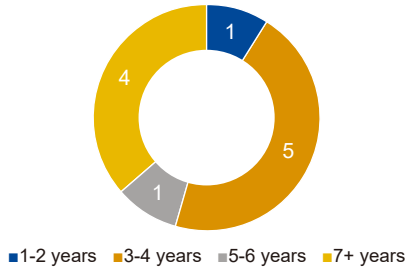
BIL's Board of Directors is composed of diverse talented individuals with different expert insights and backgrounds to ensure effective decision-making on management strategies and supervision of operations for sustainable growth of the Brother Group's corporate value. Placing importance on both the supervisory and advisory functions of the Board of Directors, we nominate our Outside Directors by placing particular emphasis on people who are independent of the Company's management and who possess extensive management experience. The Nomination Committee and the Board of Directors deliberate on skills required in achieving the "CS B2024" and the people who are expected to proactively demonstrate these skills, and we have prepared a skill matrix to align these items.

Features of Brother's Board of Directors

Corporate Governance Structure (As of June 25, 2024)

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

Breakdown of Directors by Years Served



Skills Matrix (As of June 25, 2024)

Role	Name	Official title or position	Committees to which he/she belongs		Area of Expertise									Age	Independent	Attendance at Board of Directors Meetings in FY2023
			Nomination Committee	Compensation Committee	Business/Strategy	Development/Manufacturing	Sales/Marketing	IT/DX	Talent Development	Internationalism	Legal/Compliance	Financial/Accounting	ESG/Sustainability			
Directors	Toshikazu Koike	Director & Chairman			●		●		●	●		●	●	68		11/11
	Ichiro Sasaki	Director & Deputy Chairman			●	●		●		●				67		11/11
	Kazufumi Ikeda	Representative Director & President	●	●	●				●	●		●	●	61		11/11
	Tadashi Ishiguro	Representative Director & Vice President			●		●	●		●	●			64		11/11
	Satoru Kuwabara	Representative Director & Vice President			●	●	●			●				61		11/11
	Taizo Murakami	Director & Senior Managing Executive Officer			●	●				●			●	62		11/11
	Keisuke Takeuchi	Outside Director	● Committee Chairman	●	●	●				●				76	●	11/11
	Aya Shirai	Outside Director	●	●	●				●		●		●	64	●	11/11
	Kazunari Uchida	Outside Director	●	● Committee Chairman	●			●	●	●				72	●	11/11
	Naoki Hidaka	Outside Director	●	●	●		●			●				71	●	11/11
Auditors	Masahiko Miyaki	Outside Director	●	●	●	●							●	70	●	11/11
	Keizo Obayashi	Standing Corporate Auditor								●		●		61		11/11
	Takeshi Yamada	Standing Corporate Auditor								●	●			61		11/11
	Akira Yamada	Outside Auditor								●	●			71	●	11/11
	Kazuya Jono	Outside Auditor								●		●		69	●	11/11
	Chika Matsumoto	Outside Auditor										●	●	63	●	11/11

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

Directors, Corporate Auditors, and Executive Officers (As of October 1, 2024)

Directors



Toshikazu Koike
Director & Chairman

Apr. 1979 Joined the Company
Aug. 1982 Brother International Corporation (U.S.A.)
Oct. 1992 Director of Brother International Corporation (U.S.A.)
Jan. 2000 Director & President of Brother International Corporation (U.S.A.)
Jun. 2004 Director of the Company
Jan. 2005 Director & Chairman of Brother International Corporation (U.S.A.)
Apr. 2005 Director & Managing Executive Officer of the Company
Apr. 2006 Director & Senior Managing Executive Officer of the Company
Jun. 2006 Representative Director & Senior Managing Executive Officer of the Company
Jun. 2007 Representative Director & President of the Company
Jun. 2018 Representative Director & Chairman of the Company
Jun. 2020 Outside Director of Toyo Seikan Group Holdings, Ltd. (current position)
May 2021 Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation (current position)
Jun. 2022 Director & Chairman of the Company (current position)
Jun. 2024 Outside Director of Ilden Co., Ltd. (current position)



Kazufumi Ikeda
Representative Director & President

Apr. 1985 Joined the Company
Apr. 2003 Director & Executive Vice President of Brother International GmbH
Apr. 2009 General Manager of Corporate Planning Dept. of the Company
Apr. 2013 Director & Executive Vice President of Brother International Corporation (U.S.A.)
Apr. 2014 Director & President of Brother International Corporation (U.S.A.)
Apr. 2015 Group Executive Officer of the Company, Director & President of Brother International Corporation (U.S.A.)
Nov. 2019 Director & Chairman of Brother International Corporation (U.S.A.)
Apr. 2020 Managing Executive Officer of the Company
Jun. 2021 Director & Managing Executive Officer of the Company
Apr. 2023 Director & Senior Managing Executive Officer of the Company
Jun. 2023 Representative Director & Senior Managing Executive Officer
Apr. 2024 Representative Director & Vice President
Jun. 2024 Representative Director & President of the Company (current position)

Reason for Appointment

Toshikazu Koike has an excellent track record and demonstrated outstanding qualities as a senior executive. After having years of experience as the head of the Americas sales headquarters, he drove the growth of our primary business; printing as the President of Information & Document Company. As the President of the Company since 2007, he led the Company Group to steady growth towards achieving our long-term business vision. Further since 2018, he, as the Chairman of the Board of the Company, has shown his ability on promoting corporate governance for the Company Group. It is therefore considered that his extensive knowledge and skills are essential to the operation of the Company.



Ichiro Sasaki
Director & Deputy Chairman

Apr. 1983 Joined the Company
Jan. 2005 Managing Director of Brother U.K. Ltd.
Apr. 2008 General Manager of NID Research & Development Dept. of the Company
Apr. 2009 Executive Officer of the Company
Apr. 2013 Managing Executive Officer of the Company
Jun. 2014 Director & Managing Executive Officer of the Company
Jun. 2016 Representative Director & Managing Executive Officer of the Company
Apr. 2017 Representative Director & Senior Managing Executive Officer of the Company
Jun. 2018 Representative Director & President of the Company
Jun. 2024 Director & Deputy Chairman of the Company (current position)



Tadashi Ishiguro
Representative Director & Vice President

Supervision of Domino Business Division and Industrial Printers
Business of Machinery Business Division

Reason for Appointment

With years of experience as the head of the Americas sales headquarters, Tadashi Ishiguro drove the growth of our business in the Americas. After returning to Japan, he formulated the medium-term business strategy as an executive responsible for corporate planning. Since 2017, he has greatly contributed to the performance of printing business as an executive responsible for the business. We believe his knowledge and experience will help contribute to the growth of the Company Group's corporate value.

Reason for Appointment

As an engineer for product development, Ichiro Sasaki was one of the people who established the foundation of our laser printer technology. He possesses a broad range of knowledge based on his experience, which includes operations in the manufacturing field (such as product planning and quality assurance) and management of our U.K. sales company. He led the acquisition of the Domino Business and its subsequent integration, and after taking the position of the President of the Company in 2018, he has been driving the transformation of the management foundation for the future growth through the implementation of the group vision "At your side 2030" and medium-term business strategy of the Company. It is therefore considered that his extensive knowledge and skills are essential to the operation of the Company.

Directors, Corporate Auditors, and Executive Officers (As of October 1, 2024)

Outside Director

**Satoru Kuwabara**
Representative Director &
Vice PresidentHead of Printing & Solutions
Business Division

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

Reason for Appointment

After joined this Company, Satoru Kuwabara was engaged in development design operations in our primary business; P&S Business over several years, and he particularly demonstrated excellent leadership in the development of laser printer products. From 2010, he served as the operating officer of a manufacturing subsidiary in China as our main manufacturing facility. Since fiscal year 2021, he has driven the growth of the P&S Business as its head officer. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value.

**Taizo Murakami**
Director & Senior
Managing Executive
Officer

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

Reason for Appointment

Since Taizo Murakami joined this Company, he has been engaged for many years in the manufacturing technology field in the Company's main business, such as the sewing machine or printer business and served as head of the manufacturing facility in the ASEAN area, and therefore he has extensive knowledge in the manufacturing and quality control fields of the Company Group. Most recently, he has been demonstrating his abilities as the executive responsible for the Company's quality and manufacturing functions in promoting the manufacturing technology strategy and manufacturing facility strategy, and in dealing with supply chain issues for business continuity. We believe his knowledge and experience will contribute to the growth of the Company Group's corporate value.

Apr. 1987 Joined the Company
Oct. 2004 General Manager of Development
Dept.1 of Information & Document
Company
Apr. 2008 General Manager of Development
Dept.1 of the Company
Apr. 2009 General Manager of Development
Planning Dept. of the Company
Apr. 2010 CEO of Brother Technology
(Shenzhen) Ltd.
Apr. 2014 General Manager of Development
Planning Dept. of the Company
Oct. 2014 General Manager of LE
Development Dept. of the
Company
Apr. 2015 Executive Officer of the Company
Apr. 2019 Managing Executive Officer of the
Company
Jun. 2021 Director & Managing Executive
Officer of the Company
Apr. 2023 Director & Senior Managing
Executive Officer of the Company
Jun. 2023 Representative Director & Senior
Managing Executive Officer
Apr. 2024 Representative Director & Vice
President of the Company (current
position)

**Keisuke Takeuchi**
Outside Director

Independent Director

Reason for Appointment

Mr. Keisuke Takeuchi has been involved in the management of a global group of companies as Representative Director and President and Representative Director and Chairman of JGC Corporation. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business.

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

**Kazunari Uchida**
Outside Director

Independent Director

Reason for Appointment

Besides Mr. Kazunari Uchida has deep knowledge in the business management field as Japan Representative of Boston Consulting Group, he has been engaged in the management of various companies for years through his experience as an Outside Director and Outside Auditor. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business.

Apr. 1974 Joined Japan Airlines Co., Ltd.
Jan. 1985 Joined Boston Consulting Group
Jun. 2000 Japan Representative of Boston
Consulting Group
Apr. 2006 Professor of Faculty of Commerce
at Waseda University
Feb. 2012 Outside Auditor of Kewpie
Corporation
Jun. 2012 Outside Director of Lifenet
Insurance Company,
Outside Director of Mitsui-Soko
Co., Ltd. (now Mitsui-Soko
Holdings Co., Ltd.)
Aug. 2012 Outside Director of Japan ERI Co.,
Ltd.
Dec. 2013 Outside Director of ERI Holdings
Co., Ltd.
Jun. 2014 Independent Advisory Committee
Member of the Company
Feb. 2015 Outside Director of Kewpie
Corporation
Mar. 2016 Outside Director of Lion
Corporation (current position)
Jun. 2020 Outside Director of the Company
(current position)
Apr. 2022 Professor Emeritus at Waseda
University (current position)

**Masahiko Miyaki**
Outside Director

Independent Director

Reason for Appointment

Mr. Masahiko Miyaki has been involved in the management of a global group of companies in fields including technical development, quality and the environment through his experience as Executive Vice President of DENSO Corporation. Based on his extensive experience, insight and achievements, he can provide advice on the Company Group's management, make important decisions and supervise the execution of business.

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

**Aya Shirai**
Outside Director

Independent Director

Reason for Appointment

Ms. Aya Shirai has been engaged in the management of various manufacturing companies for years through her experience as an Outside Director. She has also engaged in the top management of local government and actively promoted the diversification of workplace. Through her extensive experience, insight, and achievements, she can provide advice regarding the Company Group's management, make important decisions and supervise the execution of business. Although Ms. Aya Shirai was not previously involved in corporate management other than as an Outside Director, based on the above reasons, it was determined that Ms. Aya Shirai will be able to appropriately conduct the duties of Outside Director.

Apr. 1979 Joined All Nippon Airways Co., Ltd.
Jun. 1993 Member of Amagasaki City Council
Dec. 2002 Mayor of Amagasaki City
Jun. 2011 Outside Director of Gunze Limited
Apr. 2013 Executive Operating Officer of the
Osaka Pref. Gender Equality
Promotion Foundation
Jun. 2015 Outside Director of Pegasus
Sewing Machine Mfg. Co., Ltd.
Outside Director of Sumitomo
Precision Products Co., Ltd.
Jun. 2018 Outside Director of Sanyo
Chemical Industries, Ltd. (current
position)
Jun. 2019 Outside Director of the Company
(current position)
Jun. 2022 Outside Director of THE ROYAL
HOTEL, LIMITED (current position)

**Naoki Hidaka**
Outside Director

Independent Director

Reason for Appointment

Mr. Naoki Hidaka has been involved in the management of a global group of companies through his experience as Executive Vice President of Sumitomo Corporation and its overseas offices. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company Group's management, make important decisions, and supervise the execution of business.

Apr. 1976 Joined Sumitomo Corporation
Apr. 2001 General Manager of Chicago Office,
Sumitomo Corporation of America
Apr. 2007 Executive Officer, General Manager of
Metal Products for Automotive Industries
Div. of Sumitomo Corporation
Apr. 2009 Managing Executive Officer, General
Manager of Chubu Regional Business
Unit of Sumitomo Corporation
Apr. 2012 Senior Managing Executive
Officer, General Manager of
Kansai Regional Business Unit of
Sumitomo Corporation
Jun. 2013 Representative Director, Senior Managing
Executive Officer, General Manager of
Transportation & Construction System
Business Unit of Sumitomo Corporation
Apr. 2015 Representative Director, Executive
Vice President, General Manager of
Transportation & Construction System
Business Unit of Sumitomo Corporation
Jun. 2018 Special Advisor of Sumitomo Corporation
Jun. 2019 Advisor of Sumitomo Corporation
Jun. 2020 Outside Director of the Company (current position)
Mar. 2021 Outside Director of Nabtesco
Corporation (current position)
Jun. 2022 Outside Director of TOPCON
CORPORATION (current position)

Directors, Corporate Auditors, and Executive Officers (As of October 1, 2024)

Corporate Auditors



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

Keizo Obayashi

Standing Corporate Auditor

Reason for Appointment

Keizo Obayashi has the knowledge and skills in accounting and tax fields through his experiences in business machines div., corporate planning dept., and European regional sales office. Most recently, he has the experience in promoting the internal control of the Company Group as the responsible person in finance & accounting dept. Based on his knowledge and experience, it is considered that he is the most appropriate for a Corporate Auditor of the Company.



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

Akira Yamada

Corporate Auditor

Independent Auditor

Reason for Appointment

With years of experience as a lawyer, Mr. Akira Yamada has been engaged in domestic and international corporate legal affairs. Based on his extensive experience, achievements, and insight, it is considered that he can provide auditing over the operation of the Company from a standpoint that is independent of our management executives.



Oct. 1990 Joined Chuo Shinko Audit
Corporation
(now Misuzu Audit Corporation)
Mar. 1994 Registered as a CPA (current
position)
Aug. 2007 Partner of AZUSA Audit
Corporation (now KPMG AZSA,
LLC) (current position)
Jul. 2013 Board member of KPMG AZSA
LLC
Jul. 2017 Member of Management Oversight
Committee, KPMG AZSA LLC
Jul. 2020 General Manager of Nagoya
Office, KPMG AZSA LLC (current
position)
Jun. 2023 Corporate Auditor of the Company
(current position)
Jun. 2023 Outside Auditor of HINO
MOTORS, LTD. (current position)

Chika Matsumoto

Corporate Auditor

Independent Auditor

Reason for Appointment

Ms. Chika Matsumoto has background with years of experience as a certified public accountant. Based on her extensive experience, achievements, and insight in the areas of finance and accounting, it is considered that she can provide auditing over the operation of the Company from a standpoint that is independent of our management executives.

Executive Officers

Senior Managing Executive Officers

Makoto Hoshi

Head of Machinery Business Division

Responsible for: Machinery Business Division ●Business Planning Dept.

Tsuyoshi Suzuki

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

Toshihiro Ito

Responsible for: ●Law, Environment & General Affairs Dept.,
●Human Resources Dept., ●CSR & Corporate Communication Dept.,
●Environment & Climate Change Strategy Dept.

Managing Executive Officers

Tetsuro Koide

Head of Domino Business Division

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

Yumiko Iwadare

Responsible for: Printing & Solutions Business Division
●Business Planning Dept., ●Business Development I Dept.,
●Business Development II Dept., ●CX Development Dept.,
●Labeling Solutions Business Development Dept.
General Manager of Business Planning Dept.

Yasuyuki Hasegawa

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

Executive Officers

Tatsuya Sato

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

Yoshiichi Sugimoto

Head of Network & Contents Business Division

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

Tatsuo Terakura

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

Masahiro Akita

Head of Personal & Home Business Division

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

Hiroaki Fujino

Responsible for: Intellectual Property Dept.
General Manager of Intellectual Property Dept.

Akira Nakashima

Responsible for: Finance & Accounting Dept.
General Manager of Finance & Accounting Dept.

Group Managing Executive Officers

Isao Noji

Chairman of Brother International Europe Ltd.

Donald Cummins

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

Robert Pulford

Director & CEO of DOMINO PRINTING SCIENCES PLC

Group Executive Officer

Koichi Yasui

Representative Director & President of Brother Sales, Ltd.

Corporate Governance

Basic Approaches

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

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

 Brother Group Basic Policies on Corporate Governance

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

Changes in Corporate Governance

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

Corporate Governance Structure

BIL positions the Board of Directors as the body that decides on basic management policies, make high-level management decisions, and supervises the execution of business operations. We therefore adopt a Company with an Audit & Supervisory Board structure, considering it most suitable for our company. In addition, we continuously work to enhance our corporate governance structure to ensure high transparency and objectivity. In FY2022, in order to enhance the management with an emphasis on sustainability, we established the Sustainability Committee, chaired by the Representative Director & President. The Committee discusses sustainability issues on a continuous basis and reports regularly to the Board of Directors.

Board of Directors

The Board of Directors consists of 11 Directors (including five Outside Directors*), of which one is a female Director. In principle, meetings, which are chaired by the Representative Director & Chairman, are held once a month. In FY2023, the Board of Directors held 11 meetings. To increase medium- to long-term corporate value, the Board formulates management strategies and plans and carries out decision-making on important executive operations. At the same time, the Board supervises the Directors, Executive Officers, and other parties in their execution of operations, and strives to establish structures that ensure management soundness, such as the Group's internal control and risk management systems.

*As of June 25, 2024

<Independent Outside Directors>

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

<Director Training and Support System for Outside Directors>

We have created a system for providing training that we consider necessary for our Directors according to the training target, and we conduct training based on the system. As training for Outside Directors, in addition to providing information about our businesses, history, financial operations, organization, etc., we offer opportunities for them to deepen their understanding of our businesses through on-site inspections of our facilities in and outside Japan and on other occasions. For Internal Directors, we provide opportunities to acquire knowledge of the duties and responsibilities of Directors.

Audit & Supervisory Board

BIL's Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors)¹, of which one is a female Corporate Auditor. It held 12 meetings in FY2023. The Corporate Auditors have high levels of expertise in fields such as law and accounting, and follow the audit standards established by the Audit & Supervisory Board. They mainly conduct the audit activities listed below, audit the Directors' execution of duties, and conduct audits widely on the establishment and implementation of the Group's internal control system.

<Main Activities>

- Attendance at Board of Directors' meetings and voicing of opinions
- On-site audits of Group companies and listening to reports
- Interviews and opinion exchange with Directors
- Interviews and opinion exchange with executive departments
- Regular exchange of information and opinions with the Internal Auditing Department and accounting Auditors (such as three-way audit² liaison conferences between the Audit & Supervisory Board, accounting Auditors, and Internal Auditing Department, and meetings for reports on financial results)

¹As of June 25, 2024

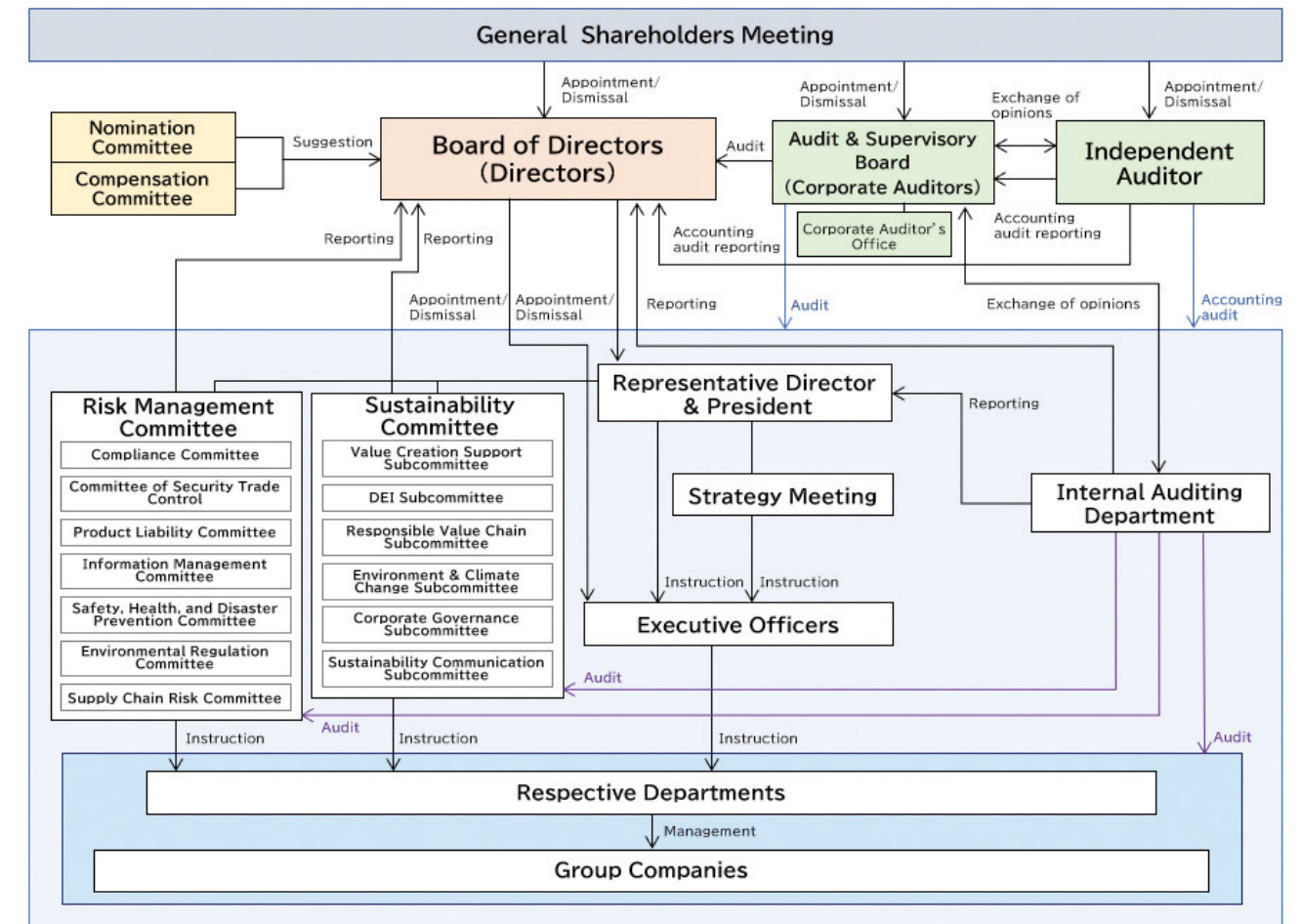
²A collective name for three types of audits (audits by corporate auditors, audits by accounting auditors, and internal audits)

Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. There are 16 Executive Officers (including one female Executive Officer) and four Group Executive Officers (including two non-Japanese nationals)*. Of the Executive Officers, four concurrently serve as Directors. Executive Officers—including Group Executive Officers—are elected by the Board of Directors. In accordance with the basic management policies determined by the Board, they make decisions on matters related to executive operations delegated by the Board of Directors and implement those decisions. At the same time, the Executive Officers are responsible for overseeing the operations of businesses, departments, and Group subsidiaries under their supervision.

*As of June 25, 2024

Governance Structure (As of June 25, 2024)



Nomination Committee and Compensation Committee

BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or dismissal and remuneration of Directors and Executive Officers. Each committee comprises a total of six Directors*—all five Outside Directors and the Representative Director & President—and is chaired by an Outside Director (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida).

The Nomination Committee deliberates on the agenda of the general meeting of shareholders concerning appointment or dismissal of Directors and the agenda of the Board of Directors concerning appointment or dismissal of Executive Officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and it reports the outcome to the Board of Directors. The Nomination Committee also reports to the Board of Directors on matters such as succession planning for the President and other top management. In FY2023, the Nomination Committee met eight times, with a 100% attendance of all committee members.

The Compensation Committee deliberates on the policy and internal regulations concerning executive remuneration, including the standard for calculating remuneration for Directors and Executive Officers, as well as remunerations of individual

Directors and Executive Officers, and it reports the outcome to the Board of Directors. In FY2023, the Compensation Committee met three times, with a 100% attendance of all committee members.

*As of June 25, 2024

<Succession Plans for Top Management>

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

Corporate Governance

Outside Directors

Independent Officer Selection Standards

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

Auditors are independent officers as specified by each Exchange.

Independence Standards for Outside Directors

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

Reason for Selection of Outside Officers

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

See pages 50-51.

Major Activities by Outside Directors (FY2023)

Name (Attendance)	Exhibition of Expertise and State of Activities
Keisuke Takeuchi (11 out of 11 times)	Mr. Takeuchi appropriately fulfilled his role as an Outside Director in providing advice on the Company's management and supervising the execution of business operations, for example, by actively speaking at meetings of the Company's Board of Directors from a standpoint and perspective independent of the Company's management, drawing on his wealth of experience and insight from his career in the group management of global companies, including serving as President and Chairman of JGC Holdings Corporation. Additionally, as the Chairperson of the Nomination Committee and as a member of the Compensation Committee, he attended meetings of these Committees and actively presented his opinions. In particular, as the Chairperson of the Nomination Committee, he played a leading role in the review process for determining candidates for President and other Directors.
Aya Shirai (11 out of 11 times)	Ms. Shirai appropriately fulfilled her role as an Outside Director in providing advice on the Company's management and supervising the execution of business operations, for example, by actively speaking at meetings of the Company's Board of Directors from a standpoint and perspective independent of the Company's management, drawing on her extensive experience and insight gained through her diverse career - including an outside director of a number of manufacturers, top management of a local government, and the promotion of diversity in organizations. Additionally, as a member of the Nomination Committee and the Compensation Committee, she attended meetings of these Committees and actively presented her opinions.
Kazunari Uchida (11 out of 11 times)	Mr. Uchida appropriately fulfilled his role as an Outside Director in providing advice on the Company's management and supervising the execution of business operations, for example, by actively speaking at meetings of the Company's Board of Directors from a standpoint and perspective independent of the Company's management, leveraging his extensive experience and insight acquired as an Outside Director and Outside Auditor of several companies, in addition to a broad range of expertise in corporate management developed through serving as Japan's Representative in the Boston Consulting Group. Additionally, as a member of the Nomination Committee and the Compensation Committee, he attended meetings of these Committees and actively presented his opinions. In particular, as Chairperson of the Compensation Committee, he played a leading role in the process of determining, among other things, the proposed revisions to Directors' remunerations.
Naoki Hidaka (11 out of 11 times)	Mr. Hidaka appropriately fulfilled his role as an Outside Director in providing advice on the Company's management and supervising the execution of business operations, for example, by actively speaking at meetings of the Company's Board of Directors from a standpoint and perspective independent of the Company's management, drawing on his extensive experience and insight acquired in the course of engaging in the management of a global group of companies by serving as Representative of offices outside Japan and Executive Vice President of Sumitomo Corporation. As a member of the Nomination Committee and the Compensation Committee, he also attended meetings of these Committees and actively presented his opinions.
Masahiko Miyaki (11 out of 11 times)	Mr. Miyaki appropriately fulfilled his role as an Outside Director in providing advice on the Company's management and supervising the execution of business operations, for example, by actively speaking at meetings of the Company's Board of Directors from a standpoint and perspective independent of the Company's management, drawing on his extensive experience, achievements, and insight acquired in the course of engaging in the management of a global group of companies by serving as Executive Vice President of DENSO CORPORATION. Additionally, as a member of the Nomination Committee and the Compensation Committee, he attended meetings of these Committees and actively presented his opinions.

Column

Efforts and Promotion Structure of Sustainability

Brother Group has established the Sustainability Committee and is chaired by the Representative Director & President in April 2022. This Committee aims to progress management with an emphasis on sustainability and globally promote various activities focusing on achieving the materialities based on the Basic Policy on Sustainability.

Sustainability Committee meetings were held ten times in FY2023

Main topics	Discussion on the performance reports and annual plans of the Subcommittees, which sit under the Sustainability Committee
	Deliberation and approval of proposals regarding the issuance of Integrated Report 2023 and the content of the report prior to disclosure, in accordance with the "Disclosure and Approval Process" approved by the Committee in February 2023
	* The Disclosure and Approval Process is our unique process of obtaining Committee approval for the issuance of the company's Integrated Report at the two stages of planning and final disclosure in anticipation of future third-party assurance.
	Reporting of employee engagement survey results and cases of improvement measures

Basic Policy on Sustainability

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

Promotion of Management with an Emphasis on Sustainability

<https://global.brother/en/sustainability/csr/management#m01>

Effectiveness of the Board of Directors

Conducting Evaluation of the Effectiveness of Directors

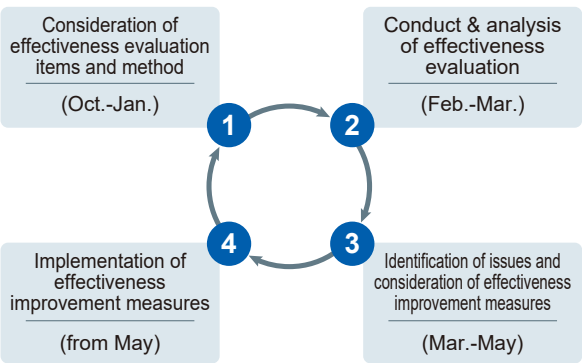
At BIL, respective directors and auditors every year evaluate the effectiveness of the Board of Directors and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary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

The evaluation of the Board of Directors for FY2023 was conducted in February 2024 by having all Directors and Corporate Auditors answer a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the Board of Directors
- Management plans and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc. and review of measures implemented in the previous year

Process for Evaluation of the Effectiveness of the Board of Directors

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



- ① Design of questions for measuring effectiveness of the Board of Directors together with external consultants taking into consideration factors such as social trends related to corporate governance.
- ② Evaluation regarding the effectiveness of the Board of Directors is conducted using a survey method for all Directors and Corporate Auditors. The survey's consolidation and analysis of results are tasked to external consultants. The survey response rate for FY2023 was 100%.

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

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

Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the Board of Directors held in May 2024, the evaluation results were discussed, and it was confirmed that BIL's Board of Directors was functioning effectively in general. In consideration of opinions and requests shared through the latest survey for the evaluation of the Board of Directors, the following initiatives will be implemented in FY2024:

- Enhance discussions of the Board of Directors on key management themes and provide feedback to Executive Officers in the process of formulation of the next medium-term business strategy
 - Financial strategy
 - Human capital investment and human resources strategy
- Enhance discussions of the Board of Directors on the ideal form of BIL's corporate governance
 - Clarify the themes of proposals to be submitted to the Board of Directors
 - Reaffirm the functions and roles of the Board of Directors, Directors, and Corporate Auditors

By implementing these initiatives, the Board of Directors will continue to improve its own effectiveness.

State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the Board of Directors in February 2023 confirmed that BIL's Board was functioning effectively overall. In response to the requests and the comments on areas for improvement received through the evaluation of the Board of Directors, the following measures were taken in FY2023.

- Enhance discussion on key management themes
 - Business portfolio, capital cost, and human resources strategy in particular
- Establish an environment for bringing internal discussions to the Board of Directors
- Ensure that the content of discussions of the Nomination Committee and Compensation Committee is shared

Corporate Governance

Officer Remuneration

Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial talents from inside and outside the Company and serves the purpose of sustainably increasing corporate value. We have also adopted a policy of paying remuneration at appropriate levels according to job responsibilities and performance. In FY2022, we revised the details of the performance-based and stock-based remuneration plans with the aim of continuously improving our corporate value.

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

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

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

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

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

Amounts and Calculation Methods of Officer Remuneration

<Basic remuneration>

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

<Annual bonuses>

Annual bonuses paid to full-time Directors who concurrently serve as Executive Officers are limited to 0.4% of the amount of consolidated profit (profit for the period attributable to owners of the parent company) for each fiscal year and paid based on reports of the Compensation Committee and resolutions of the Board of Directors. Annual bonuses are calculated using the calculation method specified below. However, the total amount of annual bonuses paid in each fiscal year is limited to 0.4% of the amount of consolidated profit for the relevant period. If as a result of the following calculation, the total payment amount exceeds this limit, the amount is adjusted to within the limit.

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

Corporate Governance Structure–Officer Remuneration
(Calculation methods of remuneration)

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

<Stock-based compensation>

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

Corporate Governance Structure–Officer Remuneration
(Calculation methods of stocks will receive as stock-based compensation)

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

<The composition ratio of individual remuneration, etc.

for each type of remuneration>

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

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

<Clawback and Malus clause>

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

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

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

As part of these activities, the Compensation Committee deliberated on the agenda items indicated below in FY2023:

- May 17, 2023
- Annual bonuses for Directors based on FY2022 performance
- Stock issuance based on FY2022 performance
- December 22, 2023
- Officer remuneration level assessment
- February 6, 2024
- Revision of remuneration for Outside Directors

The Board of Directors’ activities in the course of determining the amount of officer compensation

The Board of Directors deliberated on and decided matters on officer remuneration for FY2023 as indicated below:

- June 22, 2023
- Annual bonuses and stock-based remuneration for Directors based on FY2022 performance
- February 6, 2024
- Revision of remuneration for Outside Directors

Amounts of officer remuneration

(For one year from April 1, 2023 to March 31, 2024)

Categories	Total amount of remuneration, etc. (Millions of yen)	Total amount by type of remuneration (Millions of yen)				Number of eligible officers
		Basic remuneration	Annual bonus	Stock-based remuneration		
				Basic remuneration	Performance-based remuneration	
Director (including Outside Directors)	432 (57)	289 (57)	53 (－)	44 (－)	44 (－)	11 (5)
Corporate Auditor (including Outside Auditors)	78 (28)	78 (28)	－ (－)	－ (－)	－ (－)	7 (4)
Total (including Outside Directors and Outside Auditors)	511 (85)	368 (85)	53 (－)	44 (－)	44 (－)	18 (9)

Notes:

- The amount of remuneration paid to Directors does not include the employee salary portion for those employees who also serve as Directors.
- The number of eligible officers shown in the table above includes two Corporate Auditors (including one Outside Auditor) who resigned during FY2023.
- Since performance-based remuneration related to stock-based remuneration is linked to the performance targets in the current medium-term business strategy (FY2022-FY2024), performance-based remuneration for FY2023 is the base points of performance-based remuneration (same number as fixed points) converted to monetary values.

Annual Securities Report for the 132nd Term

https://download.brother.com/pub/com/investor/annual-securities/pdf/2024/2023-asr.pdf

Cross-shareholdings

BIL holds shares of other listed companies that it considers building good business relationships will contribute to the enhancement of its corporate value over the medium to long-term (hereafter referred to as "crossshareholdings").

The Board of Directors examines the appropriateness of its individual cross-shareholdings on an annual basis and reduces holdings determined deficient in meaning. In December 2023, the Board of Directors decided to continue to hold each share since the rationale for cross-shareholdings was confirmed after the examination of the purpose of holding, dividend yield and market value, and other benefits and risks for each individual share.

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

Messages from Outside Directors – Challenges and Future Expectation –



Aya Shirai

Outside Director

Q In our medium-term business strategy “CS B2024,” we have identified materialities and set sustainability goals to address them. How are you monitoring the progress of these initiatives?

A The Brother Group has identified five materialities in order to “contribute to society and help protect the earth” as “Our Purpose” in the Brother Group Vision “At your side 2030.” For example, in the P&S Business, it is strengthening its efforts to build two-way connections between customers and the Brother Group, including offering subscription services, in each region. In addition to providing customers with the necessary consumables, information, and services in a timely and easy manner, it aims to reduce CO₂ emissions by encouraging customers to use its products for a long time and, in the future, by realizing a circular economy in which products and consumables are collected and recycled. To understand the progress of these efforts, we are monitoring the number of subscribers to the two-way connections, the development of energy- and resource-saving products, and the status of factory improvements that enable the recycling of consumables.

However, there is still a large gap between the target number of connections with customers set for 2030 and the current situation. I feel that it is necessary to come up with further ideas to ensure that customers understand and agree with the benefits of connecting with the Group and its contribution to protecting the earth.

Q There is a need to create a work environment where all employees can fully demonstrate their abilities. What is your assessment of Brother's personnel system reforms aimed at resolving its human capital issues and their penetration into the organization and employees?

A Brother is currently reforming its compensation, job grading, and evaluation systems in accordance with its new Human Resource Policy of supporting employees' true autonomy and unceasing efforts and properly rewarding their achievements and contributions. It also promotes flexible and autonomous working styles by establishing a system that allows employees to temporarily suspend and resume work after the start of work and a re-employment system so that employees can continue to use their careers even if they are forced to resign due to their spouse's transfer, whether inside or outside the Company. These measures are expected to improve employee engagement. I also think it is commendable that the company operates these systems that cater to each employee in order to create a work environment where diverse talents can play an active role.

Meanwhile, looking at publicly disclosed data showing the status of women's empowerment, I feel that its efforts are still only halfway and that further measures are needed to bring about change within the Company. I hope that it will quickly create a workplace where no one is left behind, aiming to be an organization that is results-oriented yet rewards taking on challenges and hard work, regardless of age or gender.



Masahiko Miyaki

Outside Director

Q What is your assessment of Brother's technological development and manufacturing? What should we work on now to grow in 10 to 20 years, and how should we achieve this?

A I believe that the Company is at the forefront of both product development technology and manufacturing technology. This is the result of a history of grasping the needs of the times, internalizing* core technologies common to each product category, and advancing manufacturing while adhering to its own manufacturing technology. Meanwhile, looking at the “Brother Group Product and Technology Timeline,” I feel like there are very few things that are unique enough to be called a “world first.”

Product and Technology Timeline <https://global.brother/en/corporate/technology>

A good product or business must meet the following criteria: “It is an absolute good that benefits society,” “If successful, it can be expected to increase sales and employment over the long term,” “It cannot be easily imitated,” and “It is something that you can be completely passionate about.” I believe that success lies at the end of the honest path of perfecting and developing product and manufacturing technologies in which you are involved, while devoting all your time, and of grasping and combining future needs that are just beginning to emerge. It is often said that the future is not an extension of the present, however, technology is not so simple that someone with no skills can create the most advanced technology in 10 or 20 years. Although M&A is one way to achieve development, there seem to be few successful examples in terms of technology. However, as a hint from my experience, I would like to say that there is great potential in looking back at what you couldn't do in the past and what other companies have failed to do.

* In-house production. First, try it yourself and understand the principles. Repeat improvements on-site to increase competitiveness.

Q What is commendable about Brother's environmental initiatives, and what are the challenges it faces going forward?

A In its environmental initiatives, the Company has achieved the annual targets it has set in the fields of the reduction of CO₂ emissions, resource circulation, and biodiversity conservation. The Company has also received various awards and achieved positive results in activities that are valued by society. What's more, it is also great that its products are designed to be small, lightweight, and energy-saving, which helps reduce CO₂ emissions during customer use.

However, now that environmental crises, including global warming, are an increasingly urgent concern, there is a strong need for further new initiatives. It is expected that there will be limits to what can be achieved with electrification alone in the drive to carbon neutrality. Therefore, new energy sources and new technologies such as CO₂ fixation* are being actively researched. For now, the Company works to reduce CO₂ emissions at its business sites by installing solar panels and purchasing green electricity. However, I would like all employees to always be interested in and study all kinds of cutting-edge carbon-neutral technologies and have the ambition to commercialize them. I strongly believe that this will pave the way for new portfolio transformation.

* The process of converting gaseous CO₂ contained in the atmosphere and exhaust gases into carbon compounds to fix it. There are various methods, such as a physicochemical method used to separate and capture CO₂ in the exhaust gases of combustion plants, a biological fixation method including fixation by plants, and a large-scale fixation method including underground or ocean sequestration.

Risk Management

Approach to Risk Management

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

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

Risk Management Promotion System

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

the status of such implementation to the Board of Directors. The Risk Management Committee meets regularly once every six months. However, we have created an emergency risk management system for responding swiftly to occurrence of a serious risk event in which the chairman will urgently convene an extraordinary meeting of the Risk Management Committee.

In addition, we have established dedicated committees with respect to individual risks, including compliance, security trade, product liability, information management, safety, health, and disaster prevention, environmental laws and regulations, and supply chain, as subcommittees under the Risk Management Committee. With the Representative Director & President (or an executive officer designated by President) in charge, they make up a risk management system that understands and reduces risks as well as responds when risks are apparent. In particular, for product safety, we have established Basic Product Safety Policies and voluntary product-safety action plans to provide safer products to customers.

Clarification of Evaluation and Responses

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

Material Risks and Their Countermeasures

Item	Main Risks	Countermeasures
Supply chain interruption	<ul style="list-style-type: none">● Increased difficulties in the continuous procurement of important parts and materials or shutdown of manufacturing facilities due to geopolitical risks, etc.● Supply chain interruption due to disasters● Reduced operations of international logistics networks	<ul style="list-style-type: none">● Respond by production in multiple facilities, especially of consumables● Have backup production facilities and hold parts inventories● Create multiple choices in parts suppliers● Secure inventory storage space● Promote the use of multiple routes and ports● Implement fire prevention and disaster prevention/reduction measures in each manufacturing facility● Review inventory standards at sales locations to prevent shortages
Information security	<ul style="list-style-type: none">● External attacks on information systems, product information security	<ul style="list-style-type: none">● Formulate an Information Security Basic Policy● Formulate information security operating rules in accordance with the Information Management Regulation, enhance management systems, and offer internal education and training based on the Information Security Basic Policy● Review the Product Information Security Basic Policy and implement activities for improving product security across the Brother Group in accordance with the Information Security Basic Policy
Social demands related to the environment	<ul style="list-style-type: none">● Transition risks associated with climate change (policy and regulatory risks, market changes)	<ul style="list-style-type: none">● Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives● Develop products that meet the processing needs of parts for electric vehicles (EVs) to cope with the risk of shifting to EVs in the automobile industry● Set medium-term targets for FY2030 regarding the improvement of circulation of resources, and promote the effective use of resources, resource circulation, and the expansion of secondary resource use● Analyze the financial impact of climate change based on TCFD recommendations and disclose appropriate information
Securing human resources	<ul style="list-style-type: none">● Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel	<ul style="list-style-type: none">● Promote evolution of personnel systems and make continual improvements to the workplace environment● Develop succession plans for key personnel● Implement activities for maintaining and improving the brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter

Risk Management and Internal Control

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

Compliance

Approach to Compliance

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

Compliance Promotion Structure

Brother Industries, Ltd. (BIL) established the Compliance Committee and set up the Employee Helpline for Compliance Issues to prevent violations before they take place, take prompt action in the event of a violation, and prevent reoccurrences thereof. Helplines for compliance have also been established in Group companies in Japan and overseas. We are equipped with a system for timely notification enabling rapid response by the Compliance Committee when a compliance risk that may have a significant impact on the Brother Group’s business management arises or is predicted to arise.

Furthermore, BIL has established the Internal Employee Helpline for Harassment Issues to address specifically harassment behavior, aiming to secure a work environment where employees can respect each other. BIL is also equipped with the Quality Compliance Helpline and the External Compliance Helpline, the latter providing employees with opportunities for direct reporting to partner lawyers.

Brother Group Global Policy for the Helpline for Compliance Issues

For the purpose of developing a mechanism to ensure that each Group company receives and handles inquiries and reports internally, thereby improving the company’s ability to govern itself and mitigating reputational risks or the like (such risks may be caused by reporting outside the company), the Brother Group has established the Employee Helpline for Compliance Issues. In operating the helpline, the Group has established the Operation Standards of the Employee Helpline for Compliance Issues as regulations of the Brother Group.

In addition, Group companies regularly report inquiries and reports to the Secretariat of the BIL Compliance Committee to centralize information and thereby control compliance across the entire Brother Group. In particular, inquiries and reports that may have a significant impact on the management of the Group will be reported by each Group company to the Secretariat of the BIL Compliance Committee upon receipt of the report and initiation of a primary investigation, as well as upon completion of the investigation. To promote these initiatives, BIL has formulated the Brother Group Global Policy for Helpline for Compliance Issues.

	FY2021	FY2022	FY2023
Number of cases handled by the Helpline for Compliance Issues	90	85	120
(Breakdown: BIL)	11	11	22
(Breakdown: Group companies in Japan)	56	47	51
(Breakdown: Group companies outside Japan)	23	27	47

Brother Group Global Policy for Helpline for Compliance Issues

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

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

Issuance of Compliance Handbook and Card

In 2010, BIL published the Compliance Handbook to raise employee awareness of ethics. The Handbook contains codes of conduct and rules to be observed by BIL as a company, enabling employees to apply the contents to themselves and the work they are responsible for. In FY2023, the Handbook was revised to include additional topics, such as the prohibition of maternity harassment, so that it can provide up-to-date compliance information that is in line with today’s social environment. The Handbook is now provided in electronic format instead of paper, making the latest version available from the intranet at any time for the viewing of employees of Group companies in Japan.

In addition, BIL and Group companies in Japan have distributed the Compliance Card, which provides contact information for the Helpline for Compliance Issues, to their employees to ensure that they are aware of the Helpline.

Compliance Education

BIL and Group companies in Japan provide their employees with various group training, such as orientation for new employees, new manager training, and a seminar for those who will be on an international assignment, as well as compliance education through e-learning and in other formats. In addition, each Brother Group company outside Japan conducts compliance education to raise employees’ awareness of compliance. In accordance with recent trends in laws and regulations in various countries, we also look into laws and regulations and promote education and awareness-raising activities for respective Group companies in order to ensure compliance with each country’s laws in areas such as bribery prevention and antimonopoly.

Brother Group Anti-Corruption Global Policy

The Brother Group is committed to complying with relevant laws and regulations in the countries and regions in which we operate under our Codes of Practice stipulated in the Brother Group Global Charter. Bribery and corruption are prohibited by the laws and regulations in most countries and regions where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not provide or receive bribes or any excessive or inappropriate benefits. However, in recent years, laws and regulations governing bribery and corruption have become increasingly stringent, and in consideration of such circumstances, we have formulated the Brother Group Anti-Corruption Global Policy to further promote our anti-corruption efforts.

Brother Group Anti-Corruption Global Policy

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

Anti-Corruption Measures

In the “Brother Group Principles of Social Responsibility” and the “Brother Group Anti-Corruption Global Policy,” Brother Group employees are prohibited from engaging in corruption or bribery in all countries and regions in which we operate. These policies are communicated to all Brother Group employees by posting on the external BIL Internet website and on the Brother Group intranet site.

Japan: Provision of a Compliance Handbook and training

For all employees of Group companies in Japan, we are working to raise their anti-corruption awareness by distributing a Handbook. To prevent the risk of corruption, we also provide training for new hires and mid-career recruits, as well as for employees before their overseas assignments at BIL and certain Group companies in Japan.

From FY2018 to FY2023 in Japan, there were no terminations for corruption, no corruption-related fines, and no penalties. In addition, BIL did not make any political contributions during that period.

Asia: Introduction of a checklist

In Asia, we introduced an anti-bribery checklist in FY2020 to be used by our sales facilities in the region, which is being used to check for red flags* that may constitute bribery in transactions with third parties. Based on the answers to the checklist, we added anti-bribery articles to our major contracts in FY2021. Some of our sales facilities began formulating their own internal anti-bribery policies in FY2022, and in FY2023 we expanded the scope of sales facilities formulating their own internal policies.

* Refers to conflicts of interest, unusual payments, improper sales rebates and discounts, and improper gifts and entertainment.

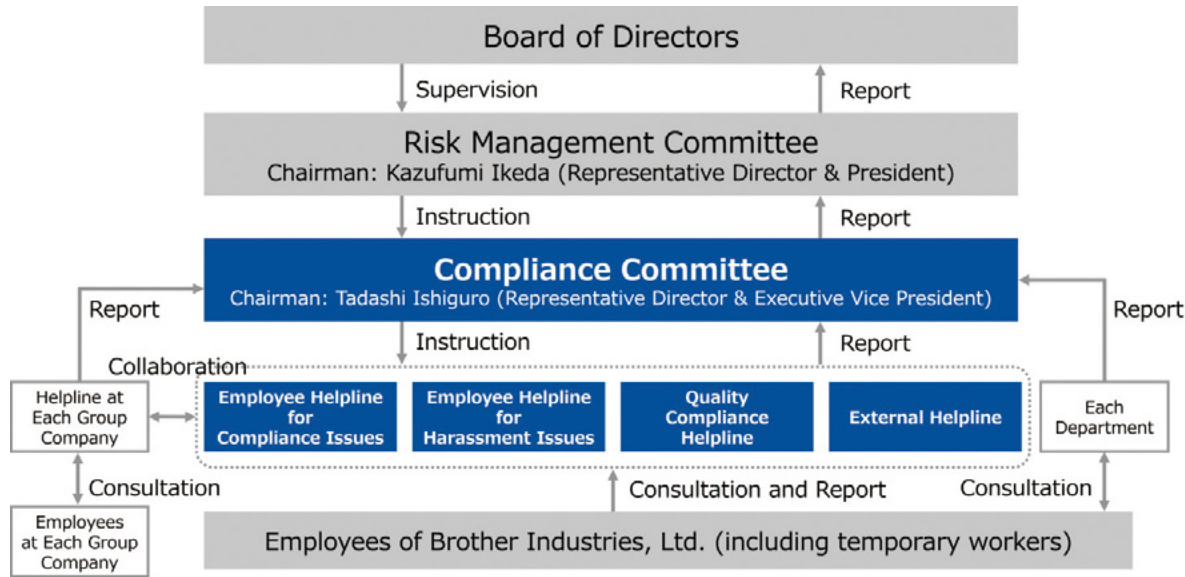
The Americas: Conducting training, sharing anti-corruption policies, conducting screening

In the Americas, our regional headquarters includes anti-corruption clauses in contracts with third parties, such as new business partners outside the United States, in view of the high risk involved in cross-border transactions. Furthermore, it conducts anti-corruption screening of business partners involved in sales outside the United States. Business partners who are deemed to be at high risk as a result of the screening are requested to watch an anti-bribery educational film and answer questionnaires on compliance. In addition, the regional headquarters monitors all screened business partners on an ongoing basis and immediately addresses any identified new issues or risks by evaluating whether to continue business with the business partner concerned and developing mitigation measures. It also provides anti-corruption training to employees.

Europe: Providing education, including an anti-bribery clause in contracts

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

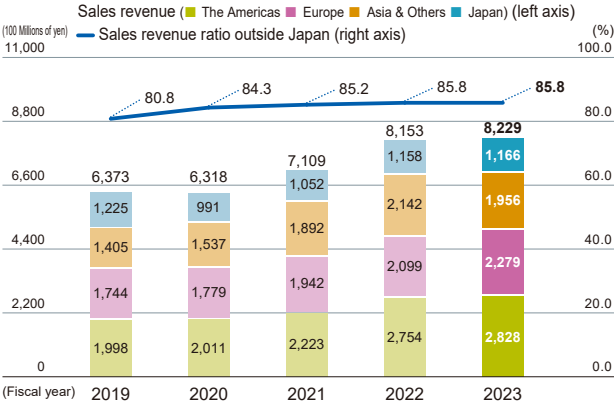
Compliance Promotion Structure



Financial and Non-financial Highlights

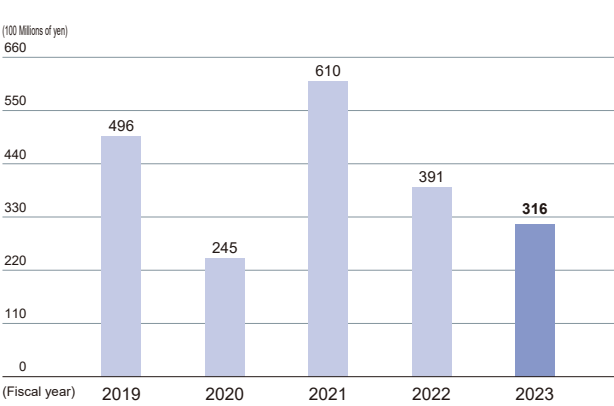
Financial Indicators

Sales Revenue / Sales Revenue Ratio Outside Japan



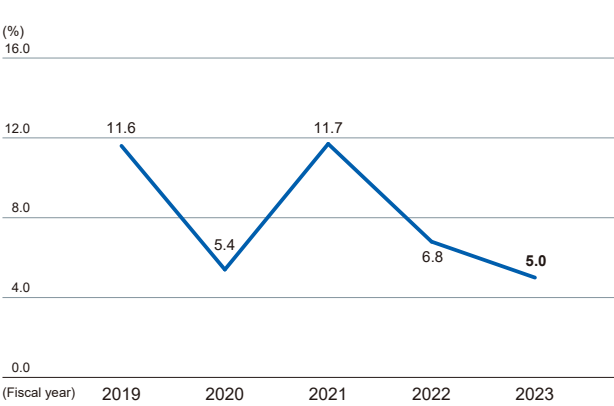
Sales revenue ratio outside Japan was high. The ratio remains flat from the previous fiscal year due to the positive impact of foreign exchange rates, despite the decrease in sales of product units in the P&S Business.

Profit for the Period Attributable to Owners of the Parent Company



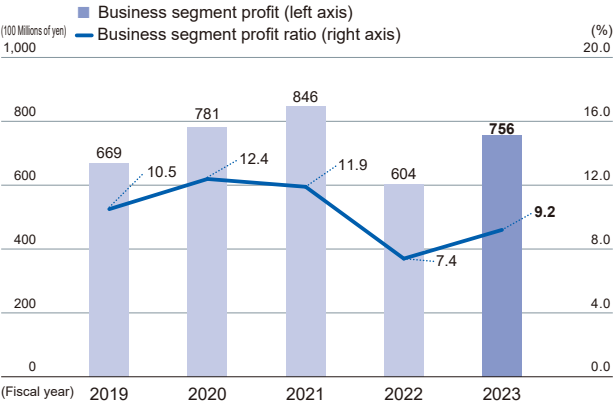
Profit decreased due to the recording of impairment losses on part of the goodwill in the Domino Business, among other factors.

ROE



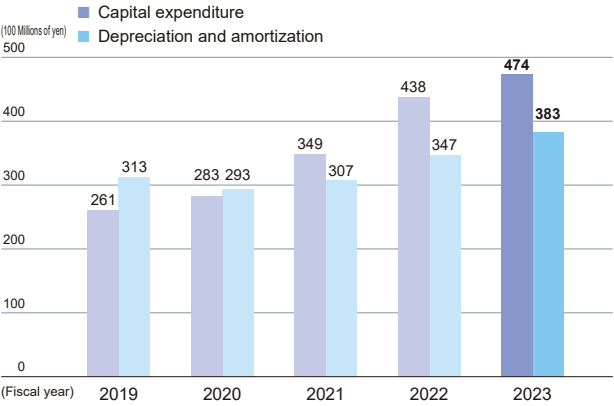
ROE decreased due to the recording of impairment losses on a part of goodwill in the Domino Business, among other factors.

Business Segment Profit / Business Segment Profit Ratio



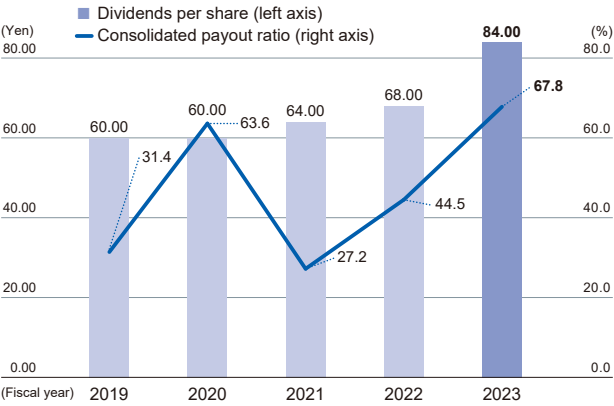
Despite increases in promotion and SG&A expenses, profit increased significantly due to a decrease in logistics costs and the positive impact of foreign exchange rates.

Capital Expenditure / Depreciation and Amortization



As "prior investments for the future" established in our medium-term business strategy "CS B2024," we have mainly invested in manufacturing facilities and equipment and other areas.

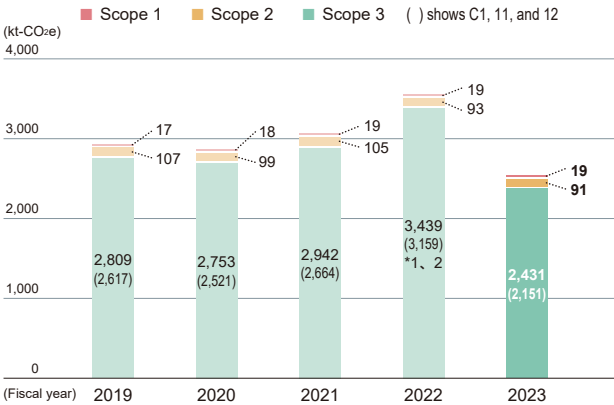
Dividends per Share / Consolidated Payout Ratio



Under our policy of stable and continuous shareholder returns, a dividend per share of 84 yen was instituted, up 16 yen from the previous fiscal year.

Non-financial Indicators

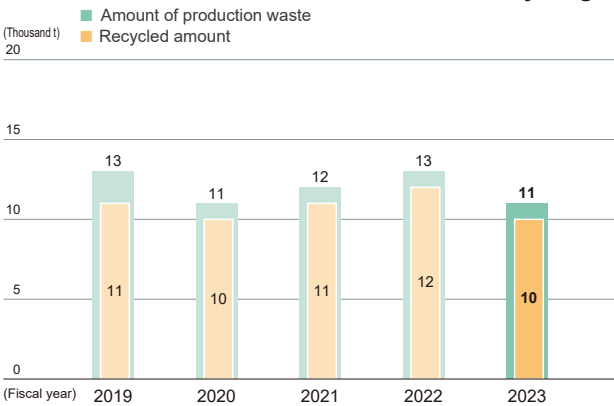
CO₂ Emissions (Scopes 1, 2, and 3)



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

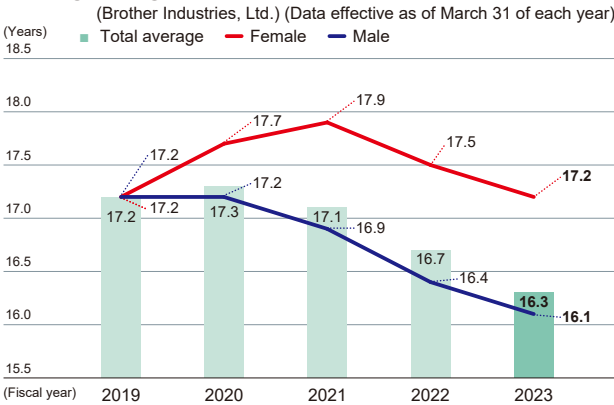
*1 : Figures have been changed due to the addition of the Domino Business to the scope of Scope 3 calculations.
*2 : The figures have been changed because CO₂ emissions from products and services purchased other than product parts have been added to C1 (purchased goods and services). However, the additional emissions in FY2022 (approximately 2% of total Scope 3 emissions) have not been included in the ISO 14064 verification.

Amount of Production Waste / Amount of Recycling



In FY2023, the amount of production waste directly related to products at the Brother Group's main business sites was 11,125t, of which 9,928t was recycled.

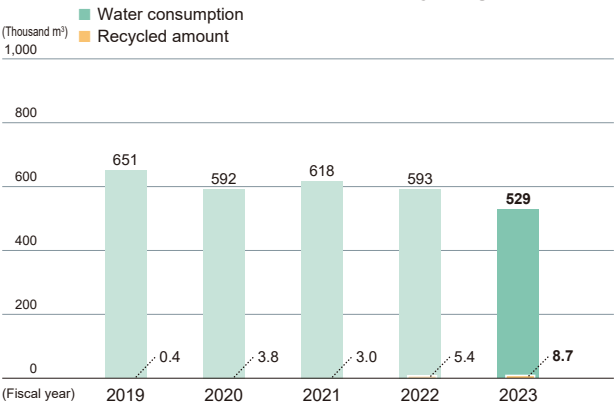
Average Length of Service*



The average length of service decreased due to an increase in the number of compulsory retirees and new hires; however, it is still higher than the national average of 12.4 years in the 2023 survey conducted by the Ministry of Health, Labour and Welfare.

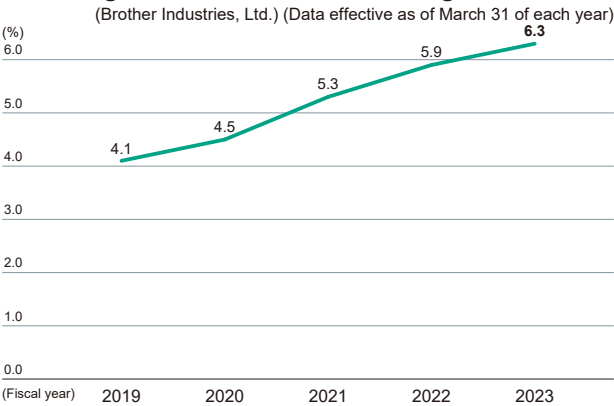
* Does not include incoming seconded employees, temporary employees or fixed-term employees.

Water Consumption / Amount of Recycling



In FY2023, the amount of water intake in the Brother Group's main business sites was 528,895 m³, of which 8,717 m³ was recycled.

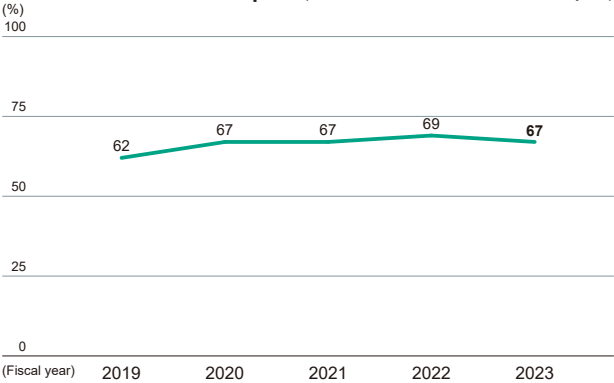
Percentage of Females in Senior Management*^{1,2}



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

*1 : Includes temporary employees and incoming seconded employees Does not include Directors, Corporate Auditors, and Executive Officers.
*2 : For the years from FY2019 to FY2022, the figures have been updated based on the calculation standard in *1.

Ratio of Local Employees in Top Management Positions of the Facilities Outside Japan* (Data effective as of June 1 of each year)



The ratio of local employees in top management positions of the facilities outside Japan has reached nearly 70% as we promote management that pursues both local and global strengths.

* Including Domino-related companies.

11-Year Data

(Millions of yen)

	JGAAP			IFRS Reference Values	IFRS		IFRS					
	FY2013	FY2014	FY2015	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operating results												
Revenue / Net sales	616,834	707,237	745,888	682,119	641,185	712,997	683,972	637,259	631,812	710,938	815,269	822,930
Cost of sales	349,014	389,831	400,328	400,023	368,016	412,211	391,893	354,987	345,209	403,614	495,681	467,589
Gross profit	267,819	317,406	345,559	282,095	273,169	300,786	292,079	282,272	286,602	307,324	319,587	355,340
Selling, general, and administrative expenses	224,518	259,864	298,282	227,161	212,410	223,557	220,105	215,330	208,526	222,771	259,183	279,761
Business segment profit	—	—	—	54,934	60,759	77,229	71,973	66,942	78,076	84,552	60,404	75,579
Business segment profit ratio (%)	—	—	—	8.1	9.5	10.8	10.5	10.5	12.4	11.9	7.4	9.2
Operating profit	43,301	57,541	47,276	58,640	59,152	68,672	71,925	67,329	42,731	85,501	55,378	49,792
Operating profit ratio (%)	7.0	8.1	6.3	8.6	9.2	9.6	10.5	10.6	6.8	12.0	6.8	6.1
Ordinary profit	35,613	51,557	48,611	—	—	—	—	—	—	—	—	—
Profit before income taxes	33,527	65,399	49,346	57,192	61,257	69,669	72,274	67,046	42,944	86,429	56,953	52,523
Profit for the year	19,876	53,769	31,445	41,610	47,440	50,472	54,177	49,699	24,659	61,515	39,086	31,662
Profit for the year attributable to owners of the parent company	19,220	53,969	31,017	41,238	47,242	50,020	53,902	49,566	24,520	61,030	39,082	31,645
Depreciation	27,613	28,205	34,341	34,934	33,811	34,141	33,674	31,270	29,279	30,714	34,655	38,311
Capital expenditures	34,858	34,064	39,976	41,469	28,644	33,993	27,030	26,141	28,266	34,901	43,839	47,438
Research and development expenses	40,137	42,523	46,017	44,639	42,547	45,649	43,259	42,811	43,080	43,818	45,385	47,941
Debt to equity ratio (Times)	0.05	0.04	0.49	0.48	0.40	0.29	0.23	0.25	0.12	0.07	0.06	0.00
Financial position												
Total assets	469,973	567,230	667,811	675,301	674,107	708,278	708,604	731,472	743,896	811,149	850,486	896,109
Equity attributable to owners of the parent company / Net assets	308,310	367,284	339,722	333,440	345,061	395,514	424,759	428,520	483,050	561,146	596,619	668,047
Ratio of owners' equity to gross assets / Equity ratio (%)	62.0	61.7	48.2	49.4	51.2	55.8	59.9	58.6	64.9	69.2	70.2	74.5
Interest-bearing debt	14,366	15,481	158,440	158,487	137,592	116,446	96,792	107,012	57,458	40,827	37,423	600
Cash flows												
Net cash provided by operating activities	55,019	58,021	49,241	51,304	99,155	81,817	73,280	87,748	109,265	72,254	14,432	141,028
Net cash used in investing activities	(39,099)	(15,326)	(215,091)	(216,997)	(23,271)	(37,090)	(22,624)	(27,955)	(25,080)	(40,781)	(32,198)	(42,068)
Net cash used in financing activities	(13,433)	(18,451)	134,317	134,317	(30,389)	(34,551)	(39,040)	(14,916)	(74,038)	(65,191)	(36,638)	(61,584)
Cash and cash equivalents at the end of the year	68,934	104,732	66,690	67,387	112,032	121,384	131,152	168,422	191,002	167,915	119,042	166,146
Information per share												
Owners' equity per share (Yen)	1,097.01	1,348.69	1,240.77	1,284.27	1,328.97	1,523.09	1,635.22	1,649.22	1,858.28	2,170.46	2,334.34	2,613.43
Basic earnings per share for the year (Yen)	72.2	206.68	119.47	158.83	181.96	192.63	207.54	190.80	94.36	234.89	152.67	123.81
Diluted earnings per share for the year (Yen)	72.06	206.24	119.19	158.47	181.46	192.08	206.90	190.21	94.07	234.18	152.22	123.48
Price-earnings ratio (Times)	20.0	9.3	10.8	8.1	12.8	12.8	9.9	8.7	26.0	9.5	13.0	22.8
Dividend per share (Yen)	24	30	36	36	42	54	60	60	60	64	68	84
Consolidated payout ratio (%)	33.2	14.5	30.1	22.7	23.1	28.0	28.9	31.4	63.6	27.2	44.5	67.8
Profitability												
Return on equity (ROE) (%)	6.9	16.8	9.2	12.1	13.9	13.5	13.1	11.6	5.4	11.7	6.8	5.0
Return on assets (ROA) (%)	4.3	10.4	5.0	6.7	7.0	7.2	7.6	6.9	3.3	7.8	4.7	3.6
Major Non-Financial Indicators												
Number of Group employees	33,118	34,988	36,307	36,379	36,929	38,628	37,769	37,697	38,741	41,215	41,653	40,538

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

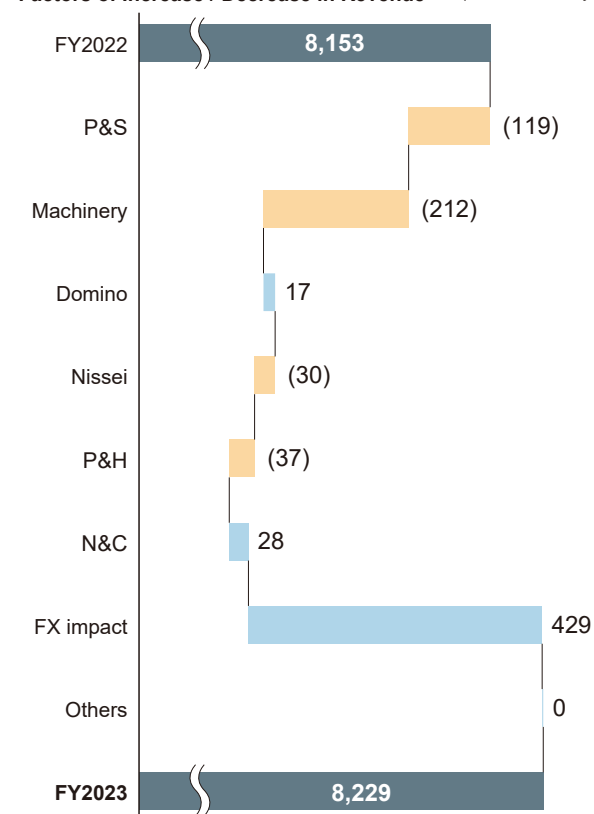
Operating Results and Financial Position

Performance in FY2023, the Year ended March 2024

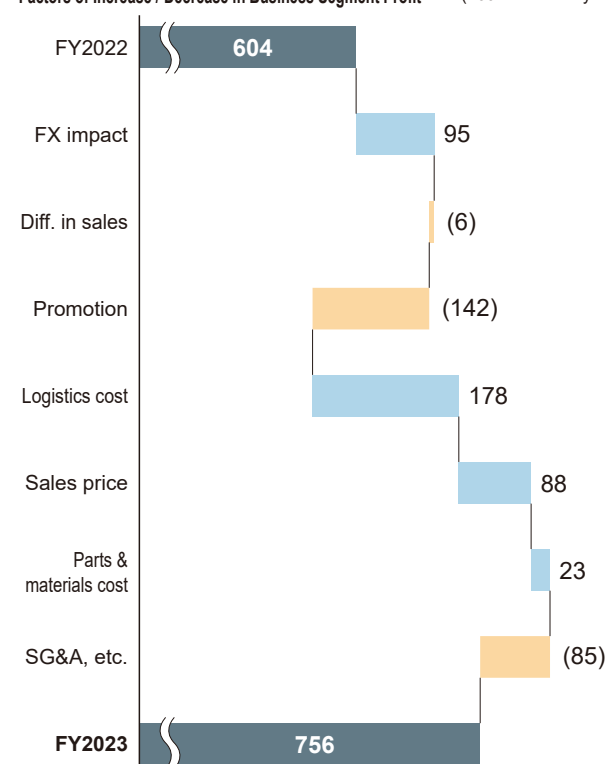
In FY2023, while social activities normalized as the impact of COVID-19 lessened, the global economic outlook remained uncertain due to factors such as the protracted crisis in Ukraine, growing tension in the Middle East, slowdown in the Chinese economy, monetary tightening in the U.S. and Europe, and depreciation of the yen.

With regard to the consolidated business results of the Brother Group for FY2023, the P&S Business saw a decrease in sales of communications and printing equipment product units due to the impact of weak markets in the U.S., Europe, and China, but achieved revenue growth due to an increase in sales of consumable goods and the positive FX impact. In the Machinery Business, revenue decreased significantly as both industrial equipment and industrial sewing machines were affected by the sluggish market conditions. In the Domino Business, although capital investment demand softened due to the economic slowdown, revenue increased due to the solid performance of consumable goods as well as the positive FX impact. In the Nissei Business, revenue decreased due to the weak capital investment demand. In the P&H Business, revenue decreased due to sluggish market conditions, particularly in the Americas. In the N&C Business, revenue increased due to a recovery in the number of visitors to karaoke clubs.

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



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



As a result of these developments, revenue increased 0.9% year-on-year to 822,930 million yen. Despite increases in sales promotion and selling, general and administrative expenses, business segment profit increased substantially, up 25.1% year-on-year to 75,579 million yen as a result of lower distribution costs, effects from price adjustments, and positive foreign exchange effects. As a result of recording impairment losses on a portion of goodwill in the Domino Business and other factors, operating profit was 49,792 million yen, down 10.1% year-on-year, and profit for the year attributable to owners of the parent company was 31,645 million yen, down 19.0% year-on-year.

Analysis of Financial Position

On the asset side, goodwill and intangible assets decreased by 16,978 million yen, while cash and cash equivalents and property, plant and equipment increased by 47,103 million yen and 19,261 million yen, respectively. As a result, total assets were 896,109 million yen, an increase of 45,623 million yen compared to the end of FY2022.

On the liability side, corporate bonds and borrowings decreased by 36,823 million yen. As a result, total liabilities were 227,988 million yen, a decrease of 25,817 million yen compared to the end of FY2022.

Total equity increased by 71,440 million yen compared to the end of FY2022 to 668,121 million yen, mainly due to an increase in retained earnings from profit attributable to owners of the parent company and an increase in exchange differences on translating foreign operations.

Statement of Financial Position (Excerpt)

(100 Millions of yen)

	End of FY2022	End of FY2023	Change
Current assets	5,117	5,419	302
Cash & cash equivalents	1,190	1,661	471
Inventories	2,221	2,080	(142)
Non-current assets	3,387	3,542	155
Total liabilities	2,538	2,280	(258)
Interest-bearing debt	374	6	(368)
Equity attributable to owners of the parent company	5,966	6,680	714
Total assets	8,505	8,961	456

Analysis of Cash Flows

Cash and cash equivalents at the end of FY2023 were 166,146 million yen, an increase of 47,103 million yen compared to the end of FY2022, as a result of a 141,028 million yen increase in inflows from operating activities, a 42,068 million yen decrease from investing activities, and a 61,584 million yen decrease from financing activities.

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities were 141,028 million yen. This was mainly caused by an increase in funds of 22,698 million yen due to a decrease in working capital and a decrease in funds of 9,200 million yen due to income taxes paid, despite an increase in funds as a result of 52,523 million yen in profit before income taxes, and increases in assets from non-monetary losses, including depreciation and amortization of 47,537 million yen and impairment losses of 28,325 million yen.

Cash Flows from Investing Activities

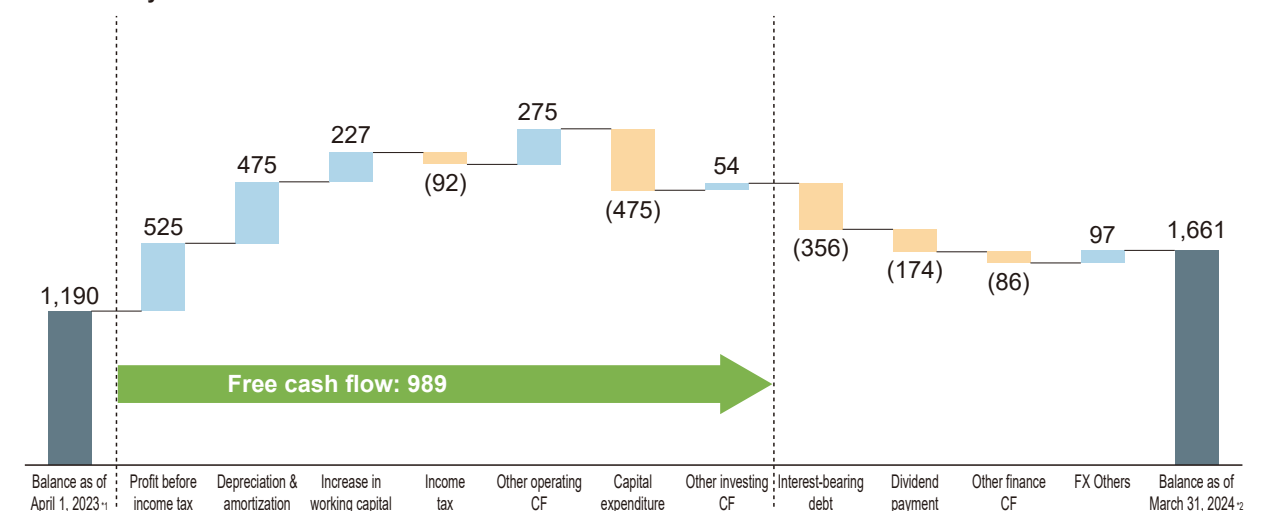
Cash flows used in investing activities were 42,068 million yen mainly due to purchases of property, plant and equipment of 38,015 million yen and purchases of intangible assets of 9,470 million yen, despite the proceeds from sales of investment properties of 3,000 million yen.

Cash Flows from Financing Activities

Cash flows used in financing activities were 61,584 million yen. This was mainly due to the net change in short-term borrowings of 15,616 million yen, the repayment of long-term borrowings of 19,997 million yen, the repayment of lease obligations of 8,543 million yen, and the payment of dividends of 17,421 million yen.

Cash Flow Analysis

(100 Millions of yen)



^{*1} Cash and cash equivalents at the beginning of FY2023

^{*2} Cash and cash equivalents at the end of FY2023

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	119,042	166,146
Trade and other receivables	123,260	131,591
Other financial assets	10,867	7,417
Inventories	222,133	207,971
Other current assets	36,441	28,772
Total current assets	511,746	541,899
Non-current assets		
Property, plant and equipment	128,496	147,757
Right-of-use assets	25,002	32,602
Investment property	6,217	5,801
Goodwill and intangible assets	114,220	97,241
Investments accounted for using the equity method	2,006	2,186
Other financial assets	29,497	31,355
Deferred tax assets	20,818	20,659
Other non-current assets	12,480	16,606
Total non-current assets	338,740	354,210
Total assets	850,486	896,109

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	82,755	74,289
Bonds and borrowings	36,823	—
Other financial liabilities	9,387	10,650
Income tax payables	5,472	7,597
Provisions	4,031	5,136
Contract liabilities	6,556	7,010
Other current liabilities	56,249	62,059
Total current liabilities	201,276	166,743
Non-current liabilities		
Bonds and borrowings	600	600
Other financial liabilities	23,105	29,478
Retirement benefits liabilities	14,997	16,182
Provisions	3,593	3,968
Deferred tax liabilities	7,055	7,219
Contract liabilities	2,049	2,562
Other non-current liabilities	1,127	1,232
Total non-current liabilities	52,529	61,244
Total liabilities	253,806	227,988
Equity		
Capital stock	19,209	19,209
Capital surplus	17,849	17,920
Retained earnings	568,055	584,293
Treasury stock	(3,533)	(3,443)
Other components of equity	(4,962)	50,066
Equity attributable to owners of the parent company	596,619	668,047
Non-controlling interests	60	73
Total equity	596,680	668,121
Total equity and liabilities	850,486	896,109

Consolidated Financial Statements

Consolidated Statement of Income

	FY2022 (Year ended March 31, 2023)	FY2023 (Year ended March 31, 2024)
Revenue	815,269	822,930
Cost of sales	(495,681)	(467,589)
Gross profit	319,587	355,340
Selling, general and administrative expenses	(259,183)	(279,761)
Other income	9,544	8,157
Other expenses	(14,570)	(33,944)
Operating profit	55,378	49,792
Finance income	6,306	5,881
Finance expenses	(4,983)	(3,441)
Share of profit / (loss) of investments accounted for using the equity method	251	291
Profit before income taxes	56,953	52,523
Income tax expenses	(17,866)	(20,861)
Profit for the year	39,086	31,662
Profit for the year attributable to:		
Owners of the parent company	39,082	31,645
Non-controlling interests	4	16
Profit for the year	39,086	31,662
Earnings per share		
Basic earnings per share (Yen)	152.67	123.81
Diluted earnings per share (Yen)	152.22	123.48

Consolidated Statement of Comprehensive Income

	FY2022 (Year ended March 31, 2023)	FY2023 (Year ended March 31, 2024)
Profit for the year	39,086	31,662
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Gains / (Losses) on investments in equity instruments designated as FVTOCI	(950)	1,347
Remeasurement of the net defined benefit liability (asset)	1,314	671
Share of other comprehensive income of investments accounted for using the equity method	(0)	—
Total of items that will not be reclassified subsequently to profit or loss	363	2,019
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	20,449	55,028
Total of items that may be reclassified subsequently to profit or loss	20,449	55,028
Other comprehensive income for the year, net of income tax	20,813	57,047
Comprehensive income for the year	59,900	88,710
Comprehensive income for the year attributable to:		
Owners of the parent company	59,896	88,690
Non-controlling interests	3	19
Comprehensive income for the year	59,900	88,710

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

FY2022 (Year Ended March 31, 2023)

(Millions of yen)											
	Equity attributable to owners of the parent company								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity						
					Exchange differences on translating foreign operations	Gains / (losses) on investments in equity instruments designated as FVTOCI	Remeasurement of the net defined benefit liability (asset)	Total			
Balance as of April 1, 2022	19,209	17,866	554,910	(5,428)	(25,411)	—	—	(25,411)	561,146	65	561,211
Profit for the year	—	—	39,082	—	—	—	—	—	39,082	4	39,086
Other comprehensive income / (loss)	—	—	—	—	20,449	(950)	1,314	20,813	20,813	(0)	20,813
Total comprehensive income / (loss) for the year	—	—	39,082	—	20,449	(950)	1,314	20,813	59,896	3	59,900
Acquisition of treasury stock	—	—	—	(7,022)	—	—	—	—	(7,022)	—	(7,022)
Disposal of treasury stock	—	(112)	(51)	163	—	—	—	—	0	—	0
Cancellation of treasury stock	—	(149)	(8,740)	8,889	—	—	—	—	—	—	—
Dividends paid	—	—	(17,510)	—	—	—	—	—	(17,510)	(7)	(17,518)
Share-based payment transaction	—	244	—	(136)	—	—	—	—	108	—	108
Reclassification to retained earnings	—	—	364	—	—	950	(1,314)	(364)	—	—	—
Total transactions with owners	—	(17)	(25,937)	1,895	—	950	(1,314)	(364)	(24,423)	(7)	(24,431)
Balance as of March 31, 2023	19,209	17,849	568,055	(3,533)	(4,962)	—	—	(4,962)	596,619	60	596,680

FY2023 (Year Ended March 31, 2024)

(Millions of yen)											
	Equity attributable to owners of the parent company								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity						
					Exchange differences on translating foreign operations	Gains / (losses) on investments in equity instruments designated as FVTOCI	Remeasurement of the net defined benefit liability (asset)	Total			
Balance as of April 1, 2023	19,209	17,849	568,055	(3,533)	(4,962)	—	—	(4,962)	596,619	60	596,680
Profit for the year	—	—	31,645	—	—	—	—	—	31,645	16	31,662
Other comprehensive income / (loss)	—	—	—	—	55,028	1,347	669	57,045	57,045	2	57,047
Total comprehensive income / (loss) for the year	—	—	31,645	—	55,028	1,347	669	57,045	88,690	19	88,710
Acquisition of treasury stock	—	—	—	(4)	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	(91)	(2)	95	—	—	—	—	0	—	0
Dividends paid	—	—	(17,421)	—	—	—	—	—	(17,421)	(6)	(17,427)
Share-based payment transaction	—	162	—	—	—	—	—	—	162	—	162
Reclassification to retained earnings	—	—	2,016	—	—	(1,347)	(669)	(2,016)	—	—	—
Total transactions with owners	—	71	(15,407)	90	—	(1,347)	(669)	(2,016)	(17,262)	(6)	(17,269)
Balance as of March 31, 2024	19,209	17,920	584,293	(3,443)	50,066	—	—	50,066	668,047	73	668,121

Consolidated Statement of Cash Flows

(Millions of yen)		
	FY2022 (Year ended March 31, 2023)	FY2023 (Year ended March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	56,953	52,523
Depreciation and amortization	42,575	47,537
Impairment losses	11,063	28,325
Finance expenses / (income)	(1,323)	(2,440)
Share of (profit) / loss of investments accounted for using the equity method	(251)	(291)
Losses / (gains) on sale or disposal of fixed assets	(4,514)	(2,794)
Decrease / (increase) in trade and other receivables	(16,125)	3,351
Decrease / (increase) in inventories	(44,252)	34,417
Increase / (decrease) in trade and other payables	6,174	(15,070)
Decrease / (increase) in retirement benefit assets	(1,735)	(2,269)
Increase / (decrease) in retirement benefit liabilities	(2,103)	(33)
Other	1,636	3,968
Subtotal	48,097	147,224
Interest received	2,222	3,555
Dividends received	402	475
Interest paid	(984)	(1,026)
Income taxes paid	(35,304)	(9,200)
Net cash provided by operating activities	14,432	141,028
Cash flows from investing activities		
Purchases of property, plant and equipment	(31,191)	(38,015)
Proceeds from sales of property, plant and equipment	759	1,016
Purchases of intangible assets	(11,291)	(9,470)
Proceeds from sales of investment properties	6,500	3,000
Purchases of investments in equity instruments	(1,059)	(1,013)
Proceeds from sales of investments in equity instruments	10	5
Purchases of investments in debt instruments	(3,251)	(4,269)
Proceeds from sales or redemption of investments in debt instruments	7,695	8,158
Payments for acquisition of businesses	—	(157)
Other	(370)	(1,322)
Net cash used in investing activities	(32,198)	(42,068)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,571	(15,616)
Repayment of long-term borrowings	(19,997)	(19,997)
Repayment of lease obligations	(7,690)	(8,543)
Dividends paid	(17,510)	(17,421)
Purchase of treasury stock	(7,003)	(3)
Dividends paid to non-controlling interests	(8)	(7)
Other	0	4
Net cash used in financing activities	(36,638)	(61,584)
Effect of exchange rate changes on cash and cash equivalents	5,531	9,727
Net increase / (decrease) in cash and cash equivalents	(48,872)	47,103
Cash and cash equivalents at the beginning of the year	167,915	119,042
Cash and cash equivalents at the end of the year	119,042	166,146

Corporate Information

Corporate Profile (As of March 31, 2024)

Company Name :	BROTHER INDUSTRIES, LTD.
Date of Incorporation :	January 15, 1934
Paid-in Capital :	19,209 million yen
Head Office :	15-1 Naeshiro-cho, Mizuho-ku, Nagoya, Aichi 467-8561, Japan
Number of Employees :	Consolidated 40,538 / Non-consolidated 3,877
Number of Consolidated Subsidiaries :	106 companies
Entities Accounted for Using the Equity Method :	7 companies
Fiscal Year :	From April 1 to March 31 of the following year
Month of the Ordinary General Meeting of Shareholders :	June
Total Number of Shares Issued :	257,755,930 shares
Number of Shareholders :	15,031
Listed Stock Exchanges :	Tokyo / Nagoya

Major External Evaluations



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index



2024
Sompo Sustainability Index



2024
健康経営銘柄
Health and Productivity



2024
健康経営優良法人
Health and productivity
ホワイト500



S&P/JPX
Carbon
Efficient
Index

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

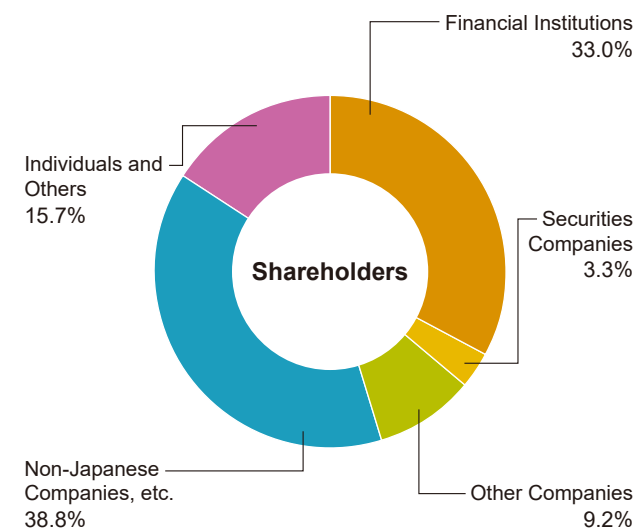
2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

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Stock Information (As of March 31, 2024)

Stock Distribution



Major Shareholders (Top 10)

Name of Shareholder	Number of shares held (1,000 shares)	Percentage of shares held (%) *
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,670	15.09
Custody Bank of Japan, Ltd. (Trust Account)	12,170	4.75
SSBTC CLIENT OMNIBUS ACCOUNT	12,016	4.69
Nippon Life Insurance Company	8,848	3.45
Sumitomo Mitsui Banking Corporation	5,398	2.11
STATE STREET BANK WEST CLIENT - TREATY 505234	4,734	1.85
The Brother Group Employee Stock Ownership Association	4,613	1.80
Sumitomo Life Insurance Company	4,499	1.76
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4,347	1.70
STATE STREET BANK AND TRUST COMPANY 505103	3,348	1.31

* The percentage of shares held is calculated after deducting the number of shares of treasury stock (1,529 thousand shares) from the total number of shares issued. Furthermore, treasury stock (1,529 thousand shares) does not include the number of shares of the Company held by the officer compensation BIP trust (250 thousand shares).

Credit Ratings

Rating and Investment Information, Inc.: A+ (Stable) (As of October 10, 2024)

Stock Overview

Share Price and Volume Transition

