

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%)

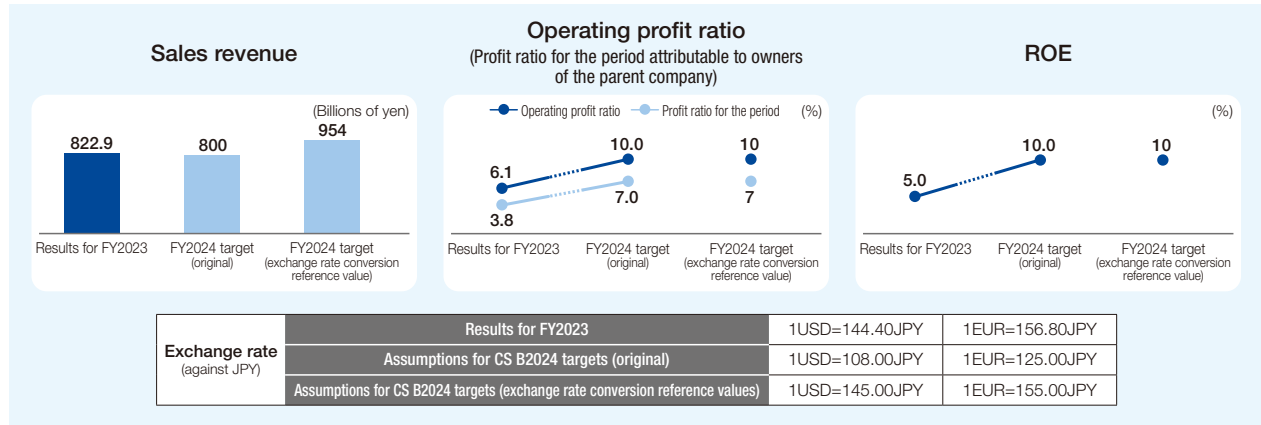
Materiality

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.

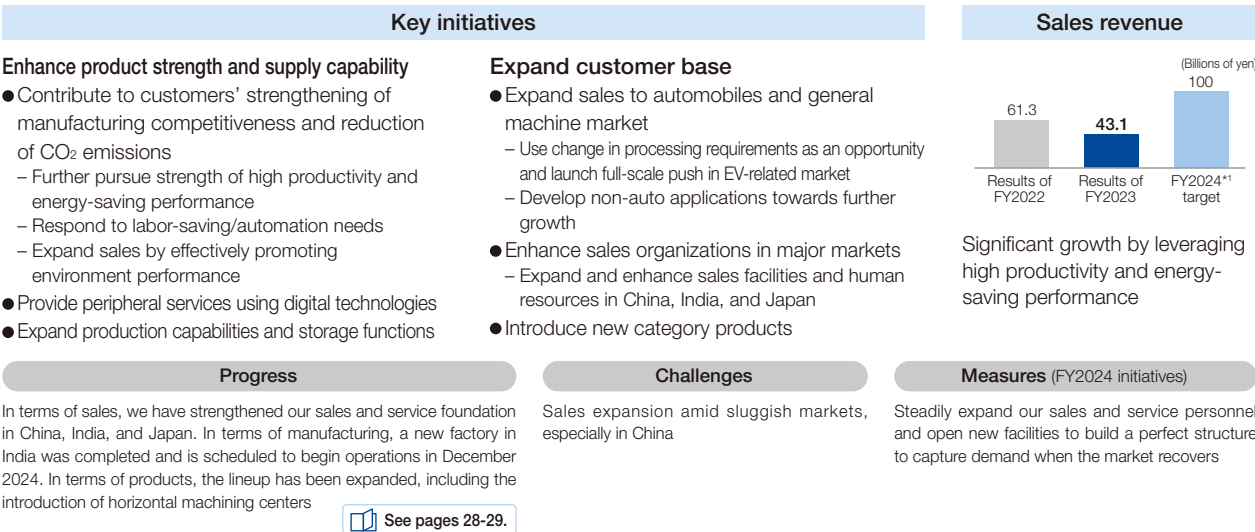


Business Portfolio Transformation ① Towards Expansion in the Industrial Area

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.

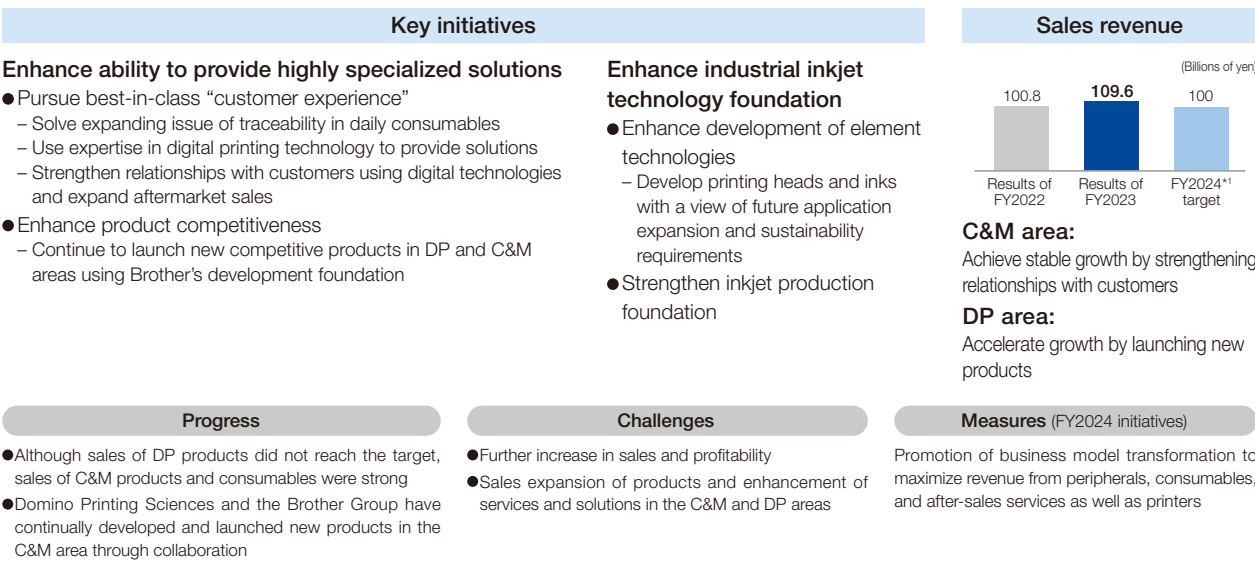
*2 Acronym for electric vehicle



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

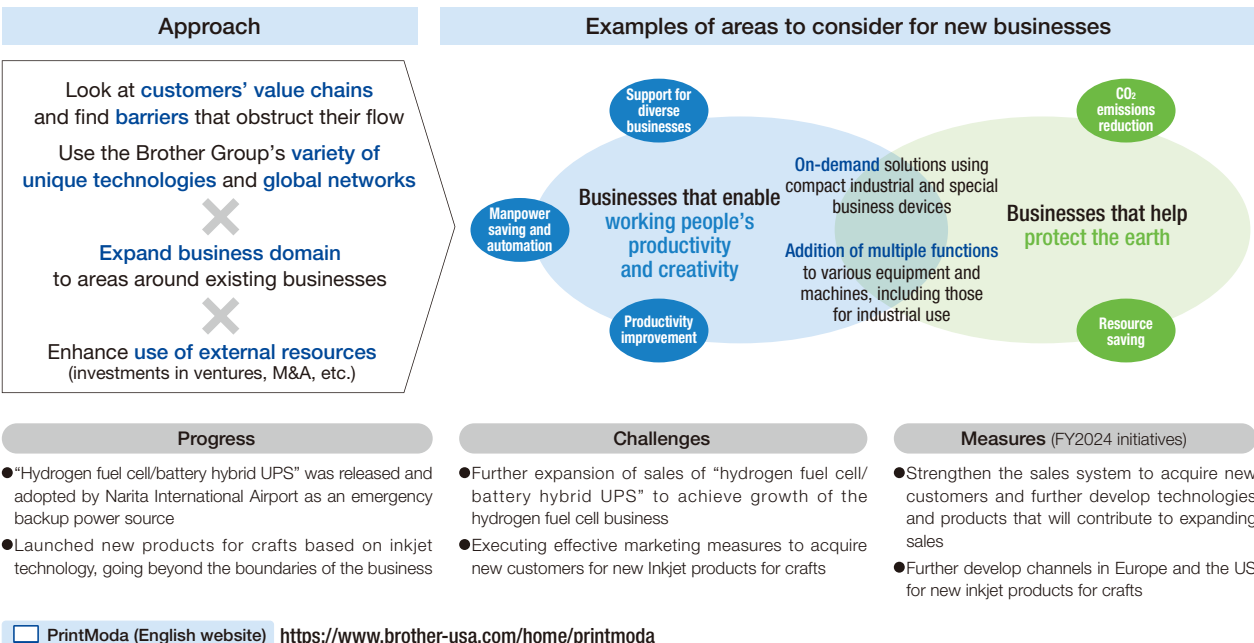
Even amid the harsh market environment, we will strive to strengthen profitability of existing areas in the printing business while strengthening sales of printers. At the same time, we will accelerate the shift to a business model that connects with customers, such as a contract-based business model.



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.



Vision and Medium-term Business Strategy “CS B2024”



④ Management Foundation Transformation for a Sustainable Future

Undertake Environmental Efforts towards Carbon Neutrality

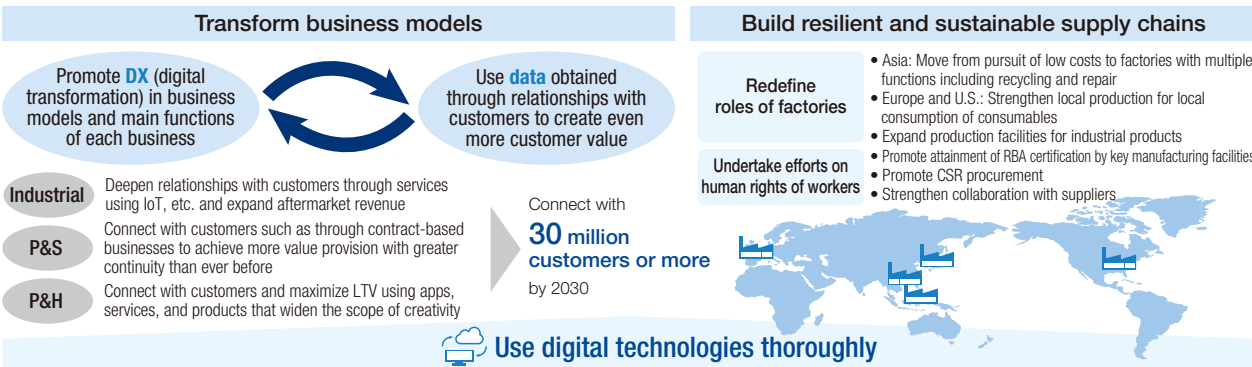
The Brother Group has declared in the “Brother Group Environmental Vision 2050” that it will achieve carbon neutrality in its business activities by 2050. It has set targets for reduction of CO₂ emissions, resource circulation, and biodiversity conservation and is making efforts to achieve these targets. 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.



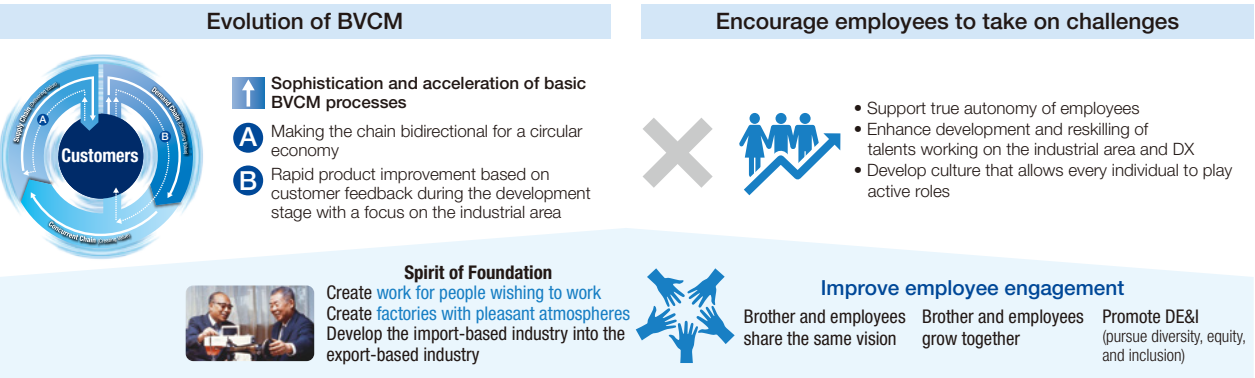
| | | Progress | Challenges | Measures (FY2024 initiatives) |
|---|--|--|---|---|
| Business model transformation | Industrial | Implemented service solutions, such as remote maintenance support and machining program creation support as planned | Stable operation of service solutions, such as remote 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 |
|--|---|--|

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.

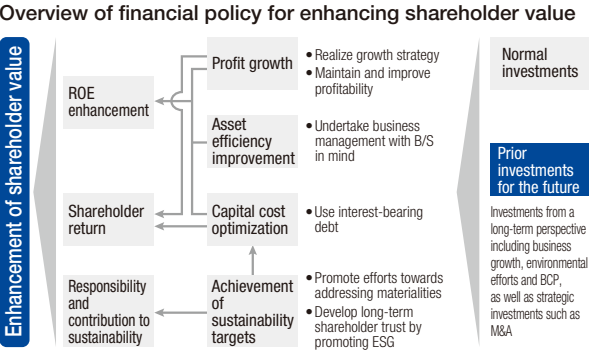
We will make sure to execute prior investments for the future to achieve a “business portfolio transformation,” as well as to deepen management conscious of cost of capital, return on investment and share prices.

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

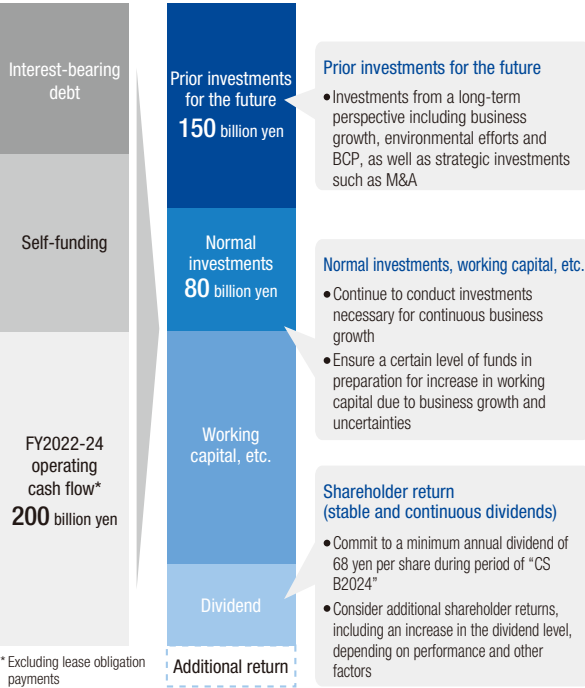
In FY2023, the business environment remained challenging due to sluggish European, U.S. and Chinese markets in our core P&S Business and weak demand, especially in China, for capital expenditure in industrial equipment, which we position as a growth driver. Despite this situation, the business segment 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.

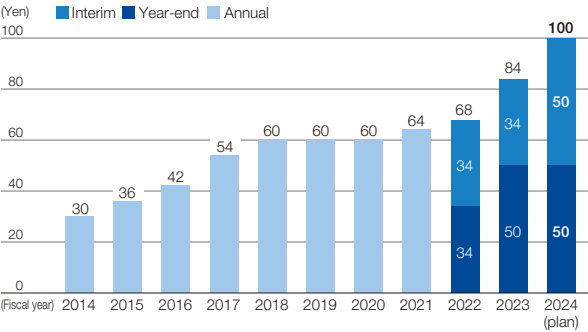
Of the 230 billion yen earmarked for investment, which consists of 80 billion yen for normal investment necessary for business continuity and 150 billion yen for prior investments for the future, we have invested approximately 100 billion yen through FY2023. Although the payment schedule for some of 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 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

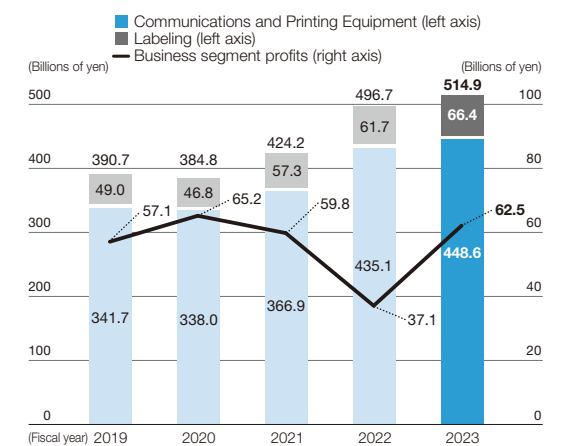
Communications and Printing Equipment Business

- 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.

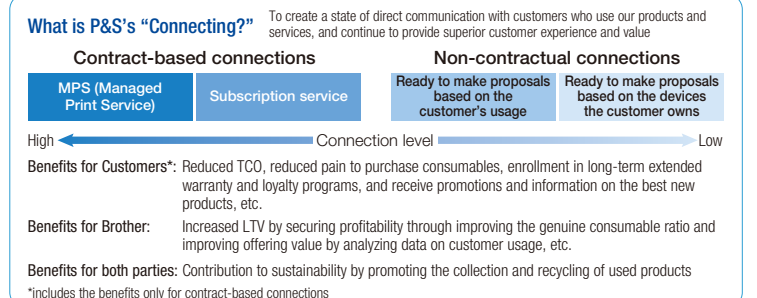
We will continue to improve profitability and accelerate the transformation of the Printing area by simultaneously strengthening the product appeal in the P&S Business and transforming our business model.

*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



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.

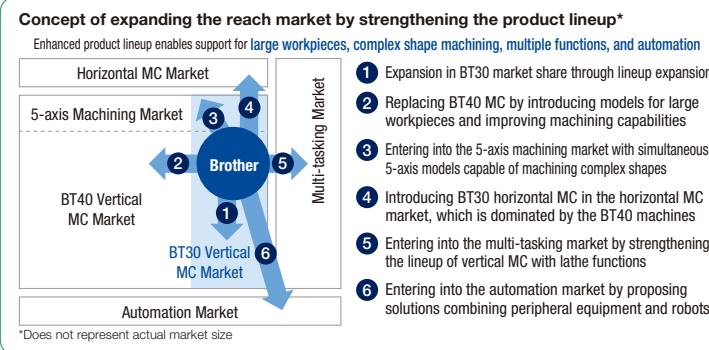
Now, I would like to explain the strategy for the Industrial Equipment Business, which is one of the strategic themes of "CS B2024" and on which I am focusing.

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 |
| | Industrial Sewing Machine Business <ul style="list-style-type: none">Increasing demand for customizationChange from screen/analog printing to digital printing | <Garment Printers> <ul style="list-style-type: none">Increasing demand for customizationChange from screen/analog printing to digital printing |

*1 Hybrid Vehicle
*2 Plug-in Hybrid Vehicle

| | | |
|------------|---|--|
| 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 |
| | Industrial Sewing Machine Business <ul style="list-style-type: none">Product development to achieve further growth in the bulk printing marketAssisting productivity improvement in high-volume printing factories | <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 |
| | Industrial Sewing Machine Business <ul style="list-style-type: none">Intensifying competition in the mid-price market | <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

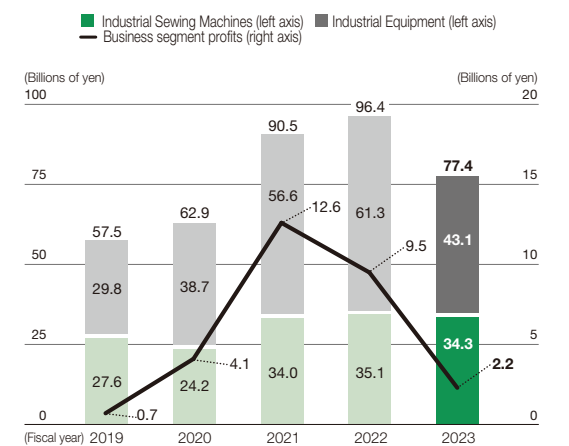
<Industrial Sewing Machines>

- 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.

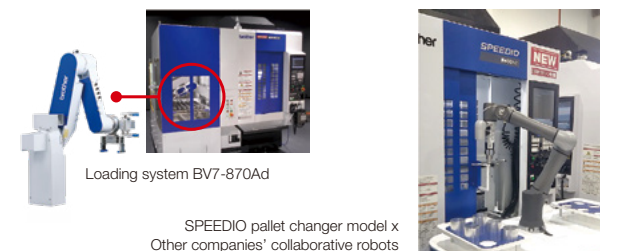
We are also working to address the need for automation in multi-model, low-volume production by combining a 5-axis MC and robots in collaboration with business partners.

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 ▶ 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

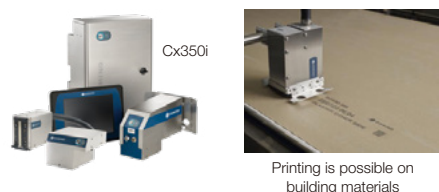
TOPICS

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 ▶ 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

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

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 |

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