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Top Message

Even in Times of Vigorous Change, We Exemplify the “At your side.” Spirit and Seek to Achieve Further Growth

Overview of FY2020

The impact of the COVID-19 pandemic, which started at the end of FY2019, continued through FY2020, and the future of the global economy remained unclear.

Various supply chain-related risks surfaced, including worldwide supply shortages of semiconductors and disrupted ocean transportation; for companies that operate globally, the critical question was how rapidly they could respond to such drastic change.

While paying the greatest care to preventing infection and ensuring the safety of its employees, the Brother Group continued its business activities with the goal of fulfilling its supply responsibilities to its customers. However, due to wide-ranging reasons including urban lockdowns and parts shortages, we inconvenienced some of our customers through the delayed supply of products. Going forward, we intend to preempt various risks, review our business continuity planning, and further strengthen activities aimed at establishing resilient and sustainable supply chains.

Yet even in these difficult circumstances, we worked together with our business partners and innovated as a Group; as a result, our revenues for FY2020 were similar in scale to FY2019, and we achieved a record high in our Business Segment Profits. I would like to take this opportunity to thank everyone who helped us over the course of the year.

Let us now recap the market environments for each business in turn. In the Printing & Solutions Business, offices closed in many countries and there was a subsequent fall in demand for office printing; on the other hand, there was increased demand for small printers and All-in-One, for working and studying from home. In the Personal & Home Business, as people spent more time at home and engaged in handicrafts, demand grew for home sewing machines—and for our popular models in particular. In the Machinery Business, there were signs of recovering demand for industrial equipment particularly in China; with regard to industrial sewing machines, however, the trend toward limiting new investments continued, and demand stagnated. Our Network & Contents Business experienced a continuation of the recent difficult business environments, with the coronavirus pandemic leading to restricted use of and reduced opening hours at karaoke clubs. In the Domino Business, demand for coding & marking equipment remained strong; however, it was impacted by the continuing trend toward limiting new capital investments in large-scale digital printing equipment.

Toward Realizing Our Medium-term Strategy “CS B2021”

The theme of our “CS B2021” medium-term business strategy, which commenced in FY2019, is “Towards the Next Level,” and the entire Group has focused on priority management issues and carried out the relevant reforms.

The impact of COVID-19 is continuing through FY2021, the final year of the current medium-term business strategy; as such, the business environment is now vastly different to when we formulated the medium-term business strategy. However, we are continuing to engage and carry out reforms in our four management priorities: “Printing—win to survive,” “Machinery / FA—accelerate growth,” “Industrial Printing—develop a growth platform,” and the infrastructure to support these goals, “Form a solid foundation to gain a speed / cost advantage.”

Precisely because it is hard to see what lies ahead, it is vital that we do what we can now for the future. In FY2021, we are continuing to establish firm footholds for future growth and promoting reviews and optimizations of our work processes; we are leveraging the results of these improvement activities to create customer value, reduce costs, and accelerate our work processes, and so seeking to establish a more resilient organizational structure. We are also focusing on developing the personnel required for making such improvements; for example, in order to promote AI utilization, Brother Industries is aiming to train 150 employees—which accounts for more than 3% of its workforce—as AI specialists.

Responding to Global-scale Social Issues

Since its foundation, the Brother Group has sought to use its business activities to resolve the issues faced both by its customers and by society as a whole. Based on this approach of contributing to society through business, we respond to social issues with the goal of establishing a society capable of sustainable growth. In particular, we must position climate change as our greatest priority issue. In addition to global moves toward the realization of carbon neutrality by 2050, natural disasters are occurring with increasing frequency around the world. In order to further promote responses to climate change, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD), carried out scenario analyses of the opportunities and risks climate change offers and the risks it poses to our business, and disclosed all relevant information. We have also revised our initial CO₂ reduction targets from our “Brother Group Environmental Vision 2050,” which we drew up in 2018. Our goal now is to achieve carbon neutrality* in our business operations and minimize CO₂ emissions across our entire value chain by FY2050.

 Please refer to pages 36-39.

 TCFD

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

* Achieve overall zero CO₂ emissions from the Brother Group.



We have established systems for resource circulation throughout our entire value chain, and we are making efforts to reduce the amount of new natural resources that are used in our core products. At Group production sites, we continue to promote efficient use of water resources and proper treatment of wastewater. In their efforts to decarbonize, numerous EU countries are promoting circular economy measures. Going forward, such trends can be expected to become more widespread across the world, and it follows that we must strengthen our responses to them.

The Brother Group will also endeavor to fulfill its social responsibilities with regard to its supply chain. Through conformity to the Responsible Business Alliance Code of Conduct and carrying out socially responsible procurement, we will work to ensure that the human rights of our employees are respected—including workers at Group factories—and to provide safe working environments.

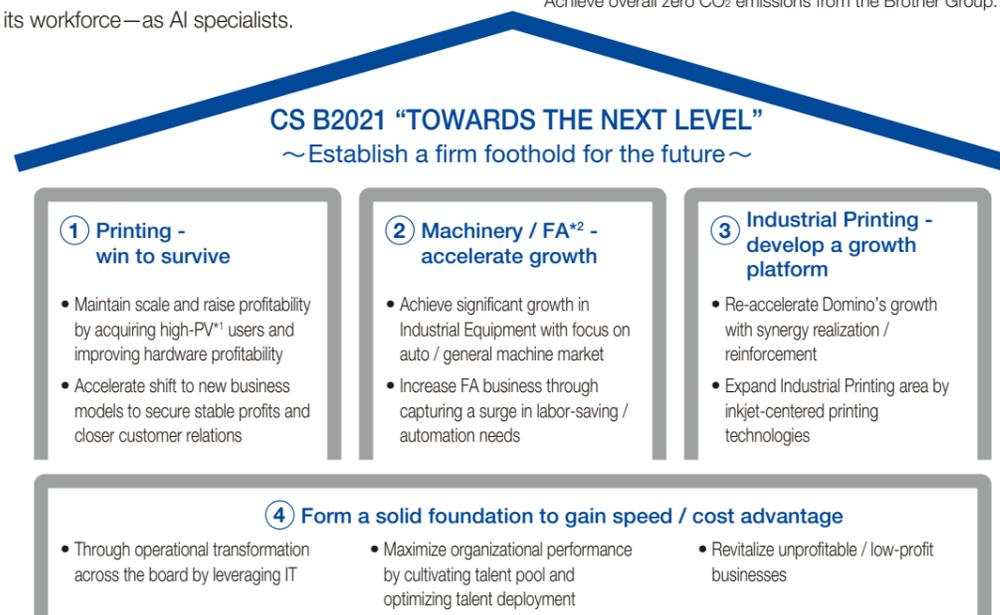
It is our Group employees who embody the “At your side.” spirit. As customer needs continue to diversify, it is vital that we also respect the diversity and uniqueness of our employees, and engage in personnel development and establish working environments that emphasize individual growth. At the Brother Group, in addition to nurturing global personnel and digital personnel, we are also strengthening initiatives aimed at encouraging women’s participation in the workplace; in this way, our goal is to create workplaces in which diversity is respected, and in which every one of our employees has the opportunity to shine.

It is important, too, that we recognize how both social problems and customer needs are changing, and grasp this change as a business opportunity. Let us increase our sensitivity to various social issues, understand what demands must be met, and become a company that is capable of contributing to the resolution of these social issues and improving its corporate value at the same time.

Brother Group Strengths Cultivated through Our “At your side.” Spirit

(1) The “At your side.” spirit

The Brother Group was founded in 1908 as a sewing machine repair company, and we have continued to expand our business in the 110 years since. Underlying our activities throughout our history has been our “At your side.” spirit. Our U.S. sales facility began using the slogan “We are at your side.” in the 1980s; in 2002, we selected the final part of this phrase, “At your side.” to be used as the corporate message of the entire Brother Group. When we revised the Brother Group Global Charter in 2008, we announced a new policy: “The Brother Group places the customer first, everywhere, every time, demonstrating its motto: ‘At your side.’ by quickly and consistently providing superior value.” This policy has become part of our corporate culture, and has been adopted by Group worksites all over the world.



*1 Print Volume : Printing volume.

*2 Factory Automation : Automation of various factory works and processes using machines and information systems.

The Brother Group has carried out various business activities rooted in the “At your side.” spirit. Going forward, it is imperative that we continue to embody this spirit; yet, at the same time, we must ensure that it evolves in line with the times.

(2) The Strengths of the Brother Group

As society has changed, so the business environment surrounding the Brother Group has also altered; as a consequence, each of our businesses faces different issues going forward. However, looking back over our history, many of our businesses have continued to grow and maintain the support of their customers, even in similarly trying circumstances. This is because we have continually transformed ourselves according to the changing times and environments, and continued to provide value that caters to customer needs. To begin with, we must listen carefully to the voices of our customers, and ensure we survive in our core markets. At the same time, we must adopt an “At your side.” perspective and engage in new businesses that will become needed in the near future. New challenges are invariably accompanied by failures; however, since its establishment the Brother Group has embraced a culture of recognizing failures as positive experiences and learning from them. Using the technologies and sales networks we have cultivated through diverse businesses, we will continue to embark on various challenges, respond rapidly to customer needs, and achieve sustainable growth.

One of the strengths of the Brother Group is our Brother Value Chain Management (BVCM). This unique management system

positions customer feedback at the core of all business activities—including product planning, development, design, manufacturing, sales, and aftersales service—and seeks to respond swiftly to any feedback received. More specifically, BVCM is a process for delivering superior value to our customers through three chains: the Demand Chain, the Concurrent Chain, and the Supply Chain. After providing value, we learn from both customer and market feedback to develop even better products and services. By implementing this value chain swiftly and globally, we are able to deliver superior value to our customers at the earliest opportunity.

Please refer to pages 06-07.

The roles and features of our three chains

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

Formulating Our New Vision: “At your side 2030”

(1) Background to the New Vision

In order to fulfill the expectations of our stakeholders and continue growing in a sustainable manner, it is imperative that we shape a long-term vision regarding what sort of value we intend to provide to our customers and to society, and to link this vision to our business strategies. To this end, we formulated a new vision which will begin in FY2022 and which outlines our *raison d’être* (Our Purpose) and how we intend to provide value to society (Our Approach). We will establish and execute our next medium-term business strategy, which is also set to begin in FY2022, by backcasting from this new vision.

Brother Value Chain Management (BVCM)

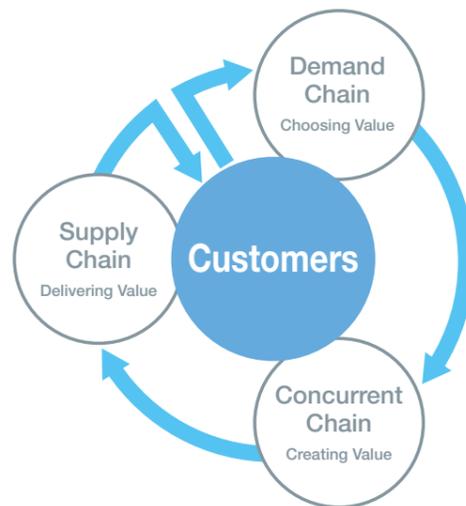
Customers

“Value” Chain Starting with Customers
The opinions of “existing” customers who have already purchased Brother products and “potential” customers who may purchase Brother products in the future are the starting point for all our business activities.

Our call centers, which serve as our important points of contact with customers, receive various inquiries and requests from them. We register such information in our database and share it globally across the entire Brother Group.

Supply Chain (Delivering Value)

Manufacturing, Distribution, Sales and Service
At the Brother Group’s manufacturing facilities, we are working closely with partners, such as parts suppliers, and strengthening our manufacturing processes and quality control systems, so as to produce high-quality products. Products are delivered to customers through our sales facilities in countries and regions all over the world. We are also providing customers with swift, cordial support via online support over the Internet and call centers in order to make each individual satisfied.



Demand Chain (Choosing Value)

Product Planning, Research and Development
Based on opinions received by call centers around the world and information acquired through sales and service activities and marketing surveys, sales and design departments work together to analyze customer expectations and demands from various angles, such as “how product usage environments will change” and “what improvements would satisfy more customers.” Through these efforts, they formulate product concepts.

Concurrent Chain (Creating Value)

Development Design, Production Engineering
Product concepts created in the demand chain are given a concrete shape. Product simulations and focus group testing by intended users are run again and again before and after prototyping. Through this process, we develop and design our products speedily while ensuring high product quality. The production engineering department designs optimal production lines to deliver our products at the right time for our customers.

New Brother Group Vision “At your side 2030”

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.

“Present Brother’s *raison d’être* and value proposition to society” and implement the strategy through backcasting by clearly setting the deadline of 2030.



The team that formulated the new vision comprised employees of the generation that will lead the Brother Group in 10 years’ time. Looking ahead to FY2030, they spent approximately 10 months from June 2020 discussing the *raison d’être* of the Brother Group, the values it provides to society, and what it wants to have achieved by 2030. The team engaged in numerous discussions with the management, and it was of great significance that younger members of the Brother Group succeeded in adopting a Group-wide perspective, developed an understanding of various business fields in which they had little or no experience, and drew up a vision of the Group’s future. The team members, who were drawn from diverse fields, thought seriously about the future of the Brother Group; the sense of unity they forged will undoubtedly be of great benefit when it comes to realizing this new vision.

(2) New Brother Group Vision “At your side 2030”

It was through this approach that “At your side 2030” was formulated.

“At your side 2030” defines the Brother Group’s *raison d’être* and what values it intends to provide as “Our Purpose.” It also details “Our Approach”—that is, how we intend to provide value to realize “Our Purpose”—and sets out “Our Focus Areas” from now until FY2030.

When discussing the new vision, I was particularly pleased to hear the team’s opinion that the “At your side.” spirit is something that must not be changed, yet at the same time must be continually refined in line with the changing needs of our customers and of society; it was this double-edged approach that led to the new vision being named: “At your side 2030.” I believe that “At your side.” embodies the positive corporate culture that the Brother Group has

pursued over the course of its history, and will continue to pursue in the future; it also forms the core of our growth strategy. It is important that Brother Group employees constantly evaluate their behavior from an “At your side.” perspective, and act accordingly.

In its definition of “Our Purpose,” “At your side 2030” deliberately avoids using the word “customer” and, instead, chooses to use the word “people.” This stems from an understanding that the Brother Group must be “At your side.” in diverse ways, contributing not only to its customers but to society as a whole and the environment at large.

(3) Formulating the New Medium-term Business Strategy

In order to realize “At your side 2030,” we must visualize what actions we need to carry out today. In other words, we must decide on the medium-term goals and strategies we have to achieve if we want to succeed in realizing our vision, and then execute them with a sense of urgency.

We are currently in the process of drawing up our new medium-term business strategy; we are involved in concrete discussions on a variety of topics, including reform based on digital transformation, ESG-focused management, supply chain reinforcements, and the promotion of human resources development and diversity. We plan to reveal the new medium-term business strategy in about spring 2022, and we hope it will meet your expectations.

The Brother Group will continue to leverage its strengths and transform itself in order to meet the expectations of all its stakeholders, and continue to grow in a sustainable manner. We very much hope for your continued support.

New Brother Group Vision

At your side 2030

We have formulated the new Brother Group vision that will start in April 2022, “At your side 2030.” The new vision consists of “Our Purpose,” “Our Approach,” and “Our Focus Areas,” showing the Brother Group’s direction toward 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.

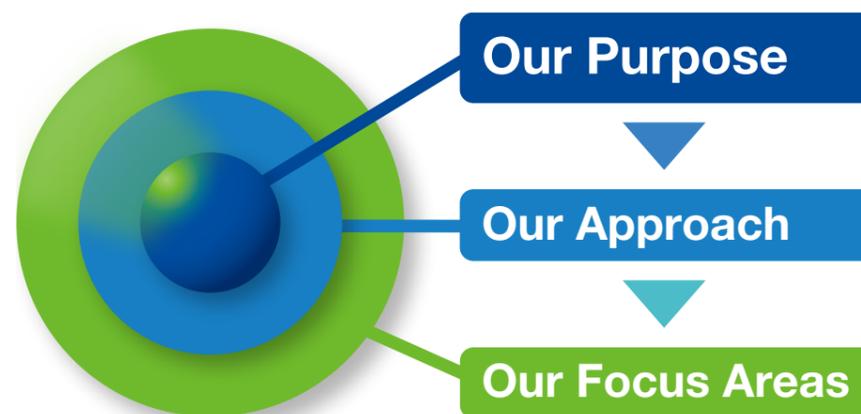
Approaches toward Achievement of “At your side 2030”

Centered on Brother’s universal raison d’être (Our Purpose), “At your side 2030” clarifies the methods we will use (Our Approach) and what we will mainly realize (Our Focus Areas) by 2030.

Our Purpose is to pass down the reason for being, which has been inherited since Brother’s foundation until the present, into the future. Our reason for being is the “At your side.” spirit itself, which has taken hold in the course of our efforts to realize the current vision “Global Vision 21.” Under the new vision, we will identify and eliminate barriers to customers’ success by utilizing the unique

technologies and global network developed during our more than 110-year history and business transformation (Our Approach). We have also selected two areas as core areas in which we will achieve progress and transformation by 2030 (Our Focus Areas).

The Brother Group will seek sustainable growth through the achievement of “At your side 2030” and contribute to the development of society and the future of the earth by helping customers to improve productivity and unlock their creativity, thereby expanding customer value.



Our Purpose

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

- As we have throughout our history, Brother continues to help unlock people’s innate productivity and creativity.
- By supporting people in their value-creation journeys, and helping them realize their aspirations and goals, we contribute to a better society.
- We are also “At your side.” for the environment, focusing on sustainability and on leaving as small a footprint as possible.



Our Approach

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

- We will understand our customers’ “value chain”, identify their core challenges, and provide unique products and solutions that help them achieve their goals.
- We will continue developing and enhancing unique technologies across Brother’s multi-business portfolio.
- We will take advantage of our global network of local experts, sales channels, and customer bases.
- We will expand our portfolio by focusing on adjacencies to our two strong assets, technology & global network.



Our Focus Areas

- **Industrial - Become a trusted, invaluable solutions partner.**

In the industrial area: We will improve customers’ productivity, solve their business challenges, and reduce our environmental impact. By doing so, we will gain their trust and become an invaluable partner.

- **Printing - Continue leading print innovation and pioneering new offerings.**

In the printing area: Even with huge changes in the definition of “office work” and the printing environment, we will continue to exceed customers’ expectations. We will also build new business pillars that expand beyond our existing boundaries.

Printing and Solutions Business

Pursuing Printing Technologies and Proposing New Work Styles

Brother meets the printing needs of customers and provides a variety of solutions. Besides printers that seek compactness, we offer products such as All-in-Ones that combine functions such as printer, fax machine, copier, and scanner into one machine, and labeling systems that focus on ease of use. Our lineup, fitting the needs of customers, will continue to support the growth of the Brother Group.

Main Products



Strengths
<ul style="list-style-type: none"> Communications and Printing Equipment: Product development capabilities ahead of competitors that meet the needs of customers Electronic Stationery: Store of knowledge as the industry's pioneer
Issues
<ul style="list-style-type: none"> Responding to business continuity plans (BCP), including natural disasters and epidemics, and establishing a stable product supply system Further strengthening of environmentally friendly design and realization of resource circulation toward contributing to a sustainable society

Business Segments

Communications and Printing Equipment

- In the 1990s, Brother developed thermal transfer fax machines and small laser All-in-Ones that met the needs of a work style called SOHO (Small Office, Home Office), in which an individual or a small group of individuals use their homes, and so forth, as an offices. Since then, we have established our position as a pioneer in this market
- Laser printers and All-in-Ones, which are excellent for their high printing speed, durability and cost performance, are receiving good reviews from many business partners and industry magazines globally
- In recent years, we have been integrating compact black-and-white and color laser All-in-Ones, business-use inkjet All-in-Ones, and so forth into a scanner compatible with mobile devices and cloud networks. With this product development approach, we meet customer needs consistently from input to output
- Furthermore, we have increased our targeted customer base to the SMB* market, such as solutions that help our customers improve productivity and actualize cost optimization and a consultation service to suggest the best-suited products and the best office setups. We have also expanded our contract-type businesses, including print management and automated delivery of consumables

Electronic Stationery

- Brother has been developing the P-touch brand labeling system and label printer over a span of 30 years
- We have held the top global market share in the field of business / professional use by offering highly operable and functional products, an extensive and varied lineup of labels, and products that are equipped with software and corresponding interfaces to meet customer demand

* Stands for Small Medium Business. It includes small offices, small- and medium-sized businesses, and businesses with offices in multiple dispersed locations.

Summary of FY2020

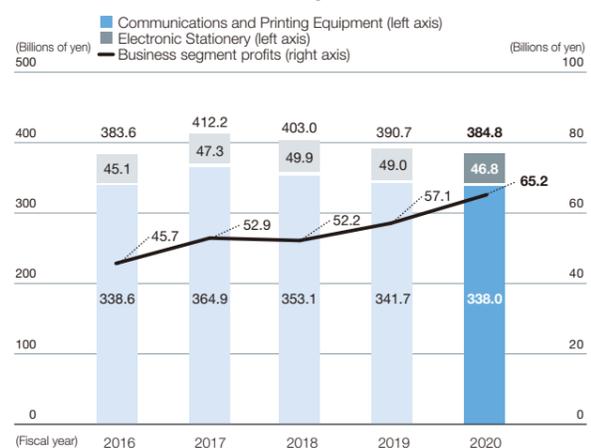
There was an increase in the number of Laser All-in-Ones and printers sold due to more opportunities for working and studying at home. The demand for inkjet All-in-Ones also increased, but the number of units sold decreased because products could not be sufficiently supplied due to suspension of factory operations for a certain period of time arising from the impact of COVID-19.

Sales of consumables decreased due to less printing taking place in offices as customers continued to work at home as well as restrictions on production activities similar to those for printers and All-in-Ones.

In the manufacturing aspect, we decided to reorganize the facilities of consolidated subsidiaries to improve production efficiency. At the same time, we are undertaking efforts toward stable supply, including the establishment of a system that can produce and supply consumables using several facilities. In addition, the new building being constructed within our factory in Vietnam was completed in January. Going forward, we aim to maintain and expand our scale of business by accurately grasping the flow of demand expansion for All-in-Ones and printers arising from the diversification of printing opportunities, such as the entrenchment of working at home and the expansion of distributed printing needs in offices.

Electronic stationery for homes and offices saw a temporary drop in demand due to lockdowns, office closures, and other such reasons in various countries. However, demand has generally recovered to the same level as the previous year, with the lowest point being the first quarter. As for specific business applications, in line with the rapid expansion of the e-commerce market and rise of food delivery and other new services, we enhanced our product lineup for the automatic recognition market—such as barcode printers—and strengthened our capabilities for proposing solutions.

Trend of Revenue / Business Segment Profits



Understanding of Business Environment

- Reduction in printing opportunities due to progress of digitalization
- Change in customers' purchasing behavior, from ownership to usage
- Distribution of office functions (acceleration of shift from centralized to distributed)
- Increase and entrenchment of demand from working and studying at home
- Increase in label printing demand due to expansion of e-commerce and home delivery demand

Business Strategy (Business Policy)

Communications and Printing Equipment

- Further strengthen earning power and competitiveness as core business supporting company-wide portfolio management
- Accelerate shift toward a new business model that strengthens ties with customers

Electronic Stationery

- Expand specific business application for further growth even while firmly holding onto the global No. 1 position in the home and office fields and maintaining profit levels

Both

- Seek to contribute toward a sustainable society by promoting product design and building manufacturing systems aimed at reducing CO₂ emissions as well as promoting the resource circulation business

Deployment of New Products and Services in Response to Changes in Purchasing Behavior

The purchasing behavior and needs of customers have changed significantly. As shown by the move from ownership to usage and the shift from purchases in stores to online purchases, there is increasing desire for even easier and more convenient use. To respond to such needs, we offer various proposals according to regions and customer groups. For example, in Europe and the United States, we have rolled out services that charge fixed monthly subscription fees as well as variable fees that increase with usage. Convenience for customers is being improved through the automatic delivery of consumables for printers and All-in-Ones. In addition, we are launching models that can use large-capacity consumables mainly for emerging countries, strengthening our lineup of products that can be used for long periods of time without the need for replacement. Going forward, we will continue to meet the needs of customers and deploy products and services with better productivity and convenience.

Solving Social Issues through Business Activities

Contributing to CO₂ Emissions Reduction and Resource Recycling

To help create a sustainable global environment, every product needs reduced CO₂ emissions and efficient use of resources, so P&S provides energy-saving, resource-saving printers and All-in-Ones that are friendly to the environment. Products must exhibit industry-leading energy-saving performance to qualify for third-party certification according to international standards for eco-conscious products, such as the International ENERGY STAR Program*¹ and Blue Angel*². In the P&S Business, we are combining various technologies to thoroughly reduce power consumption, such as adopting new toner fixing methods for laser printers and All-in-Ones, thereby reducing CO₂ emissions during product use.

We are also promoting toner cartridge recycling. In addition to promoting the collection of cartridges around the world, we are reusing cartridges by refilling them with toner at our facilities in the U.K. and Slovakia. In this way, we are making efficient use of resources and helping to reduce CO₂ emissions from the recycling process.

*¹ An international energy saving program for office equipment begun in October 1995.

*² A third-party eco-label issued by Germany's Federal Environmental Agency and the German Institute for Quality Assurance and Labeling.

Relevant SDGs



Personal and Home Business

Providing Ease of Use and High Added Value that Expand the World of Hobbies

We create the joy of turning images into shapes together with customers through products and services centered on home sewing machines and home cutting machines, and contribute to adding a touch of color and warmth to customers' lives. As a leading company for home sewing machines, we pursue ease of use for our products using the industry's leading-edge development capabilities. At the same time, we provide value to customers promptly through various services that utilize IT and other technologies.

Main Products



Strengths	<ul style="list-style-type: none"> Strong brand power in the embroidery machine field, where we boast a top market share Product planning capability that allows for highly creative products, such as machines with a built-in projector or Disney designs Cultivating a new market for cutting machines through synergies with brand power and sales channels for sewing machines
Issues	<ul style="list-style-type: none"> Continuous pursuit of new functions and ease of use that impress customers Further promotion of value to new customers acquired through demand from stay-at-home trends Development of products friendly to the global environment

Business Segments

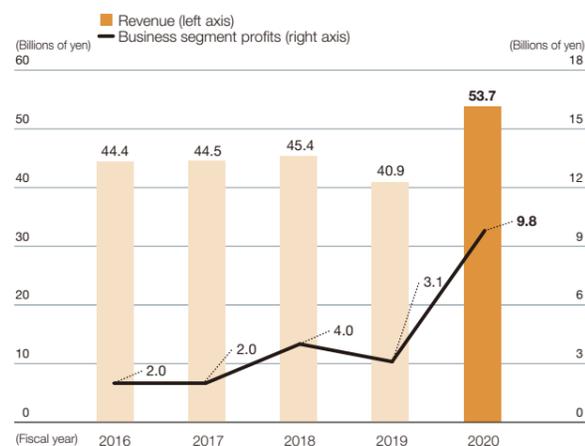
- We offer our customers state-of-the-art features that are also easy to use by utilizing the industry's leading-edge development capabilities, especially electronic technologies, which enable us to provide highly functional products with high added value
- We continue to take on the challenge of developing advanced technologies and generating other technological innovations, and thereby impress customers and ensure a pattern of sustainable consumption and production
- We contribute to sustainable economic growth by proposing commercial embroidery machines and high-end embroidery machines for business purposes, not just for hobbies
- As for production, we manufacture a wide-ranging lineup from high-end to everyday at our facilities in Taiwan and Vietnam
- As for sales, we have established strong relationships of trust with retailers and prominent business partners, such as major sewing machine dealers handling high-end machines
- Furthermore, our sales facilities around the world provide precise services and support along with superior products, enabling us to maintain and further enhance our strong brand

Summary of FY2020

Sales of home sewing machines, especially low-end machines, were firm as the number of people enjoying handicrafts and making face masks at home increased due to stay-at-home trends. In addition, demand grew for middle- to high-end embroidery machines as an increasing number of people, mainly in the U.S. and Europe, started a second business. While person-to-person sales activities were restricted, we actively undertook new types of activities, such as holding online events for dealers, conducting marketing activities that use video streaming, and opening virtual showrooms on websites. We will continue to strengthen our online sales activities and expand sales of middle- to high-end embroidery machines to maintain and expand our customer base.



Trend of Revenue / Business Segment Profits



Understanding of Business Environment

- For embroidery machines, we have gained a large market share and have not faced any major threat from competitors. On the other hand, for middle-end practical sewing machines, other brands have a strong presence. It is considered that entries by manufacturers in emerging countries are a threat for low-end machines, and price competition may intensify further
- Along with the evolution of IoT and ICT*, expansion of freedom in product and sales modes is anticipated due to provision of value through the platform business and penetration of online sales
- The economic growth of emerging nations is expected to provide momentum to the growth of the business market and low-end equipment. In addition, expansion of the business market is anticipated due to increase in small businesses and demand for customization
- Collective efforts of business to implement environmental measures in products and develop business models are needed for realization of a sustainable society through the evolution of environmental regulations, shifting to a circular economy, and other means

* Information and Communication Technology.

Business Strategy (Business Policy)

- Rapidly deliver value to customers in the form of inspiration and ease of use through means such as further technological innovation, building relationships with dealers, and strengthening online educational activities
- Reinforce our position as a leading company by seeking to enhance dissemination of information that communicates the joy of handmade, from expanding the world of hobbies to business purposes
- Work proactively on product development and services that are friendly to the global environment with consideration for energy conservation, noise reduction, ease of repair, and raw materials

Solving Social Issues through Business Activities

Finding New Needs and Making Use of Them to Cultivate Customers in the Future

In the U.S., individuals who started side jobs increased in conjunction with the decline in income due to the impact of COVID-19. We created the Side Hustle Campaign, a dedicated website for sales bases in the U.S., to support entrepreneurialism and side jobs using Brother products. The site presents examples of how people who used to create items as a hobby using a sewing machine, sewing and embroidery machine, or home cutting machine have turned it into a business, helping them develop DIY and crafts from a hobby into a side business. We also posted information on social media about items created for sale. In addition, we supported side jobs by providing guidance on methods of use and information about nearby retailers that perform repairs and other services. These activities led to increased sales of high-end sewing and embroidery machines and customer development among the younger demographic.

ADDITION OF WIRELESS LAN CONNECTIVITY TO SEWING MACHINES IN PURSUIT OF GREATER EASE OF USE

This is an era in which many things are connected to the Internet through the evolution of IoT. By using IoT, we offer new enjoyment of handicrafts to expand the number of Brother fans. As part of this initiative, we are focusing on wireless LAN-compatible sewing machines. We started adding wireless LAN connectivity to our flagship models in the last fiscal year and have been expanding our lineup of LAN-compatible models. A specialized application enables users of these models to transfer embroidery data to their machines just by pressing one button, making embroidery even easier to enjoy. For commercial embroidery machines, we offer ease of use, in addition to enjoyment, by adding wireless LAN connectivity. A mobile application enables users to confirm the progress of their embroidery, so users can advance their embroidery while proceeding with other tasks away from their machine.

Relevant SDGs



Machinery Business

Contributing to Customers' Productivity Improvement through the Development of Products that Meet Customer Needs

We will contribute to our customers' productivity improvement and new value creation through machinery such as industrial sewing machines that offer ease of use, high-quality sewing, and energy saving, machine tools optimized for the processing of parts for automobiles, motorcycles, smartphones and others, as well as reducers and gears with a wide range of product variations.

Main Products



Strengths	Industrial Sewing Machines Industrial Sewing Machines: The power to develop competitive products centered on large-scale BAS Garment Printers: High productivity and printing quality supported by Inkjet technology
	Industrial Equipment The power to develop products that achieve high productivity and environmental performance
Issues	Industrial Sewing Machines Industrial Sewing Machines: Further improving our ability to deal with the automobile and shoe markets Garment Printers: Increasing our share in the bulk printing market by using new products
	Industrial Equipment Proactively seizing demand in relation to the fast-growing EV market
	Industrial Parts Early market expansion of the high-rigidity reducer

Business Segments

Industrial Sewing Machines

- Industrial Sewing Machines: Brother has been continuously leading the industrial sewing machine industry in fabric sewing. Our programmable electronic pattern sewing machines excel in speed and pattern precision, and receive good reviews from our customers manufacturing airbags and shoes
- Garment Printers: As the digital printing industry expands, the profits from garment printers continue to grow. We have introduced a new product for our customers working with bulk printing and are increasing our market share

Industrial Equipment

- Our SPEEDIO brand machine tools are as highly productive and energy efficient as they are small, and are highly rated by our customers for parts processing in industries such as automobiles and IT
- While also working to expand our product lineup, we have released models that can process bigger parts, models that are capable of lathe turning processing, and peripheral devices around SPEEDIO machines, such as optional systems that can automatically transfer and deliver processed parts. In this way, we have been exploiting new markets

Industrial Parts

- Nissei Corporation, a consolidated subsidiary of Brother, is a leading manufacturer of reducers and gears with a large market share in Japan
- As for reducers, we offer an extensive product lineup, and have the ability to respond to customer demands within a short period of time. As for gears, we possess ample manufacturing facilities, and by executing the entire process from product designing to manufacturing consistently within the Company, we can provide high-precision and high-quality products. We have a high reputation in the market, especially for our cutting technology for bevel gears*
- With our high-precision gears and newly-developed high-rigidity reducers, we deliver new value to customers, especially in the robot and machine tool markets

* Cone-shaped gears that transmit motion between two intersecting axes.

Summary of FY2020

Industrial Sewing Machines

- Industrial Sewing Machines: Profits are declining due to a reduction in capital expenditure in sewing factories. We will start putting more effort into automobiles (airbags, seatbelts, etc.) and shoes / bags in addition to apparel
- Garment Printers: We incorporated new demand with a new product that carries a large amount of ink, perfect for reducing running costs. We will aim to improve our presence in bulk printing

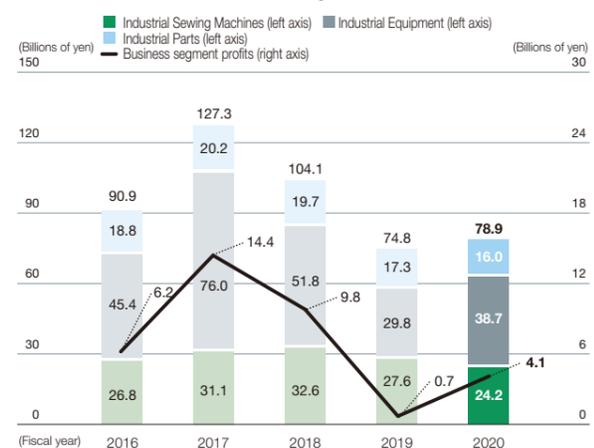
Industrial Equipment

With the spread of COVID-19 in addition to the US-China trade wars, the demand for machine tools was sluggish at the start of the fiscal year, but orders recovered after the first quarter. In particular, the orders from China increased and changed for the better in the second quarter. We started selling products with our new control functions. We built an additional factory in China and approximately doubled our machine tool productivity there. We established the new Brother Technology Center on the premises of the Kariya factory, and enriched the technology proposal functions for processing and automation, etc., in addition to our pre-existing showroom. We aim to further increase our client base for automobiles and general machinery.

Industrial Parts

The production activities of the whole manufacturing industry and the sluggish demand for capital expenditure are recovering moderately. In the reducer business, we are developing a high-rigidity reducer. In the gears business, we are starting to construct a factory for new heat treatment to balance both a reduction in our environmental footprint and the manufacturing of high-precision gears. Through the sales promotion of our high-rigidity reducer and an increase in new orders for our high-precision gears, we aim to increase our profits in the robotics / FA market.

Trend of Revenue / Business Segment Profits



Understanding of Business Environment

Industrial Sewing Machines

- Industrial Sewing Machines: With the recovery of demand for apparel, the infrastructure investment in sewing factories is also recovering
- Garment Printers: The digital printing market is expanding, with US / Europe at the center

Industrial Equipment

- The EV-related parts market is expanding with the acceleration of carbon neutrality. The demand for infrastructure with high environmental performance is increasing with the growth in environmental awareness

Industrial Parts

- There is an increase in demand in the robotics / FA market due to the growing needs for automation and a reduction in manpower

Business Strategy (Business Policy)

Industrial Sewing Machines

- Industrial Sewing Machines: The measures for recovery of demand in the apparel market and the growth of the automobile and shoe markets
- Garment Printers: Improving our presence in the bulk printing market

Industrial Equipment

- Expanding our client base in the automobile and general machinery markets by reinforcing our product lineup and sales and services organizational structure

Industrial Parts

- Measures for the business growth opportunities in the robotics / FA market through high-rigidity reducers and high-precision gears

Solving Social Issues through Business Activities

Contributing to CO₂ Emissions Reduction and Operational Efficiency Improvement

Factories need to balance both a reduction in our environmental footprint, such as CO₂ emissions reduction, and high productivity. The Machinery Business' SPEEDIO series of compact machining centers uses various energy-saving technologies, such as power regeneration that converts kinetic energy into electric energy during slowdown for reuse, resulting in much lower power consumption compared to conventional machining centers, which contributes to significant reductions in CO₂ emissions.

With both turning*1 and milling*2 functionality in a single compact machining center enabling two types of processing, there is no need to change tools between the two processes, which contributes to greater work efficiency. Also, the optional loading system for SPEEDIO machines automates the transfer and delivery of processed parts, which reduces simple tasks for machine operators and leaves them free to concentrate on the more complicated tasks.

*1 A machining process in which a cutting tool cuts a rotating workpiece.
 *2 A machining process in which a rotating cutter, such as a drill, cuts a fixed workpiece.

TOPICS

Selling High-Function, High-Efficiency Products and Strengthening Productivity in Our Factories

In September 2020, we released a new garment printer, the GTXpro that was capable of powering up quickly and running at low cost. In the following December, we released SPEEDIO W1000Xd1, a compact machine center that could process even large-scale work. We achieved an improvement in functionality and high productivity by equipping it with a new NC unit. In August 2021, we also started selling large-diameter hollow shaft-type high-rigidity reducers that contribute to the acceleration and downsizing of robots and FA machinery.

In terms of improving productivity in our own factories, we constructed another building in the Brother Machinery factory in Xian which went into operation in April 2021. With this renovation, the machine tool productivity at the company approximately doubled.

Relevant SDGs



Network and Contents Business

Innovating in Music Entertainment by Using the Latest Technologies and Networking

We pursue new customer value by developing and providing JOYSOUND online karaoke systems for business use, and by continuing to propose products, content and services that utilize distribution technologies cultivated through online karaoke systems.

Main Products



Online Karaoke Systems*

* The Hi-Res Audio logo is used under license from Japan Audio Society.



Total health care supporting equipment



A Video Viewing Service

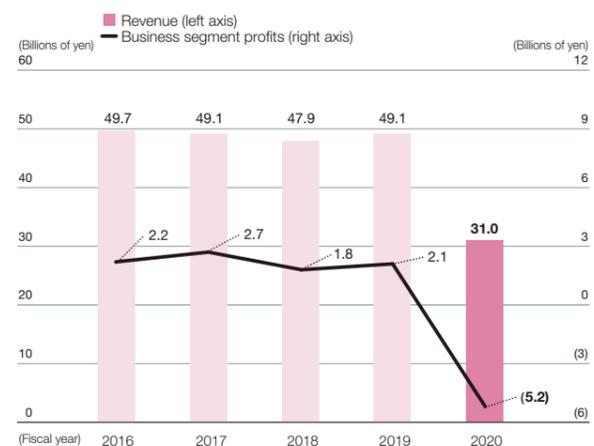
- Strengths**
 - Using network technology, we provide online karaoke systems for business use which offer the largest number of songs in the industry
 - Incorporation of new demand for enjoying visual content through the full-scale provision of the Miruhaco service
 - Creation of social value by expanding sales of models with music therapy content targeted at the growing healthcare market
 - Increasing users of smartphone and home use karaoke services against the backdrop of the COVID-19 pandemic
- Issues**
 - The rise of new karaoke application competitors along with increase in demand amid the COVID-19 pandemic
 - Industrial slowdown due to business closure and shortened business hours resulting from state of emergency declarations and quasi-emergency measures
 - Creation of new businesses that can compensate for the sluggish karaoke business

Summary of FY2020

Due to the spread of COVID-19, the number of karaoke users dropped significantly throughout the year. While the business performance remained sluggish, we focused on creating an environment enabling customers to use karaoke with a sense of security. We developed and introduced a “mask effect” feature, which allows singing voices to be heard clearly without being muffled even if the karaoke user sings with a mask on. We also worked on services such as online karaoke distribution that enables people to enjoy karaoke even at home. However, the difficult environment was prolonged due in part to restrictions on the use of karaoke locations and shortened business hours implemented in response to requests from local governments following the resurgence of COVID-19. In conjunction with the deterioration of profits, we reduced selling, general, and administrative expenses throughout the year and cut fixed costs through means such as the closure of unprofitable karaoke clubs. Following such closure, we recorded impairment losses for part of our karaoke club assets.

Going forward, we will focus on creating karaoke club environments that enable people to enjoy karaoke with a greater sense of security, promoting use of karaoke rooms for multiple purposes, such as for viewing videos and live broadcasts and holding meetings, and developing attractive content by further deepening collaboration with music and other entertainment industries. Through these initiatives, we will strive to improve profitability.

Trend of Revenue / Business Segment Profits



Business Segments

- Xing Inc., a consolidated subsidiary, provides the JOYSOUND MAX GO series and JOYSOUND HIBIKI series of online karaoke systems for business use which offer over 320,000 songs (the largest number in the industry*) and are compatible with high-resolution audio**
- The company is also valued for its JOYSOUND-linked membership karaoke social media service Utasuki, and for its original karaoke-related services linked to smartphones and video game consoles
- As well as songs, the new video service Miruhaco with extensive visual content to enjoy was the first in the industry*1 to realize live broadcasts
- Xing provides comprehensive music entertainment, from the creation of content to operation of karaoke clubs, in collaboration with its group companies Teichiku Entertainment, Inc. and Standard Corp.

*1 As of March 2021 according to research by Xing Inc.
 **2 Voice input from a microphone is sampled at 24 bit/192 kHz. As for music, a material's waveform is converted from CD spec to high-resolution audio through sampling.



Understanding of Business Environment

- Developments in tightening and easing of restrictions by overseas countries, the Japanese government, and local governments due to COVID-19
- Changes in the population of karaoke participants resulting from the decline in the population and aging of society with a falling birthrate
- Developments in communications technologies used for providing diverse content

Business Strategy (Business Policy)

Position the Business as Being at a Stage for Achieving Growth Again, and Aim for Transformation Our Business Model and Re-expand the Business

- Provide products and services that enable customers to enjoy karaoke with a greater sense of safety and security to contribute to the recovery of the karaoke market, which has shrunk due to the COVID-19 pandemic, and achieve early recovery of business performance
- With an eye to the post-COVID-19 era, propose and promote the penetration of the new value of karaoke (the Miruhaco service with visual content to enjoy), in addition to singing
- Take on the challenge of transforming business models and expanding the business again by applying the network technologies developed through karaoke distribution to new applications and seeking to create new businesses

Solving Social Issues through Business Activities

Support Improvement of Health and Contribute to Reducing the Workload of Nursing Care Staff

Music and exercise are attracting attention as ways to lead a healthy life as one ages. XING, Inc., a consolidated subsidiary, provides “Kenko Okoku”, a music-based treatment program that seeks improvement in health by having participants move in time with music. This program is used in nursing care and welfare facilities.

Kenko Okoku enables care staff to spend less time planning recreation by freely combining a wealth of content such as physical activities, watching / healing, playing, and singing to create individual recreation programs suitable for facility users, providing more time for staff to spend with facility users. In addition, facility users can enjoy a wide range of content, leading to improvements in their quality of life (QOL). The content of individual function training is extensive, contributing to improvement of nursing care conditions.

Relevant SDGs



TOPICS

Incorporating New Demand under the COVID-19 Pandemic and Seeking Recovery of the Industry

We are actively rolling out the new JOYSOUND service Miruhaco. The service generates new value for a karaoke room as an entertainment space beyond a place to enjoy singing by distributing video content of various genres, such as movies, animations, and live music, which include the industry's first live broadcasts. The COVID-19 pandemic has made it difficult to hold large-scale live events, leading to a rapid growth in the live broadcast market. Under such circumstances, the Miruhaco service has attracted users' support as a service suited to “new lifestyles” as it allows small groups of people to enjoy high-quality live videos together at a high volume in a familiar karaoke box in their livelihood zone. We are aiming for recovery of the industry by presenting a new proposal for enjoying visual content in addition to karaoke's original feature of singing.

Domino Business

Responding Swiftly to Diverse Needs for Industrial Printing Equipment

We provide coding and marking equipment that prints information such as expiration dates and lot numbers on plastic bottles, cans, food packaging, and so forth, and digital printing equipment that meets the needs of product packaging that is becoming more varied in smaller lots and shorter delivery times. Through these products, we contribute to consumer protection, ensuring traceability by manufacturers, and improved productivity at plants.

Main Products



Coding & Marking Equipment

Digital Printing Equipment

Strengths	<ul style="list-style-type: none"> A trusted brand that has been developed through past business Unique positioning resulting from owning both C&M*1 and DP*2 businesses that can produce synergistic effects through the combination of technologies most appropriate for customer needs
Issues	<ul style="list-style-type: none"> Sales growth and improvement in profitability Expansion of product sales and enhancement of services and solutions in the C&M and DP businesses

*1 Abbreviation for Coding & Marking.
*2 Abbreviation for Digital Printing.

Business Segments

- The Domino Group has been growing steadily for over 40 years in the industrial printing field
- The Group boasts a world-leading sales and service network in the coding and marking business (printing expiration dates and so forth on plastic bottles and cans)
- In the digital printing business, with its highly productive digital printing equipment, the Group has been providing business solutions to the challenges of the label printing industry, such as small-lot production, waste reduction, and improvement of the working environment

Summary of FY2020

Demand for hardware declined temporarily, mainly in Europe, affected by lockdowns implemented in various countries. Nevertheless, sales of C&M hardware remained strong, supported by firm demand for daily necessities such as foods, beverages, and pharmaceuticals. On the other hand, sales of DP hardware were weak due to the impact of restrictions on sales activities caused by the spread of COVID-19. Consumables performed well for both C&M and DP.

In the DP field, we released the digital printing equipment N730i, which incorporates a print head produced by Brother. In addition, we entered the corrugated cardboard printing domain with the launch of the corrugated cardboard printing press X630i.

Going forward, we will expand product sales and strengthen services and solutions in the C&M and DP fields, aiming for sales growth and the improvement of productivity.

Please note that we recorded impairment losses for part of our goodwill in the fourth quarter of the consolidated fiscal year ended March 31, 2021 after reviewing our future business plans based on more conservative premises.

Understanding of Business Environment

- C&M market: Continuous market growth is anticipated due in part to increase in demand associated with population growth in emerging nations and increased needs for traceability among manufacturers
- DP market: Continuous market growth is anticipated due to factors such as improved productivity at factories resulting from progress in digitization
- Worldwide semiconductor shortages have resulted in prolonged lead time for parts procurement, requiring review of plans for production and product delivery and causing other impacts
- While customers' production activities and Domino's sales activities have been restricted in countries implementing lockdowns due to the impact of COVID-19, the C&M business has maintained momentum in China and other regions as a result of acquisition of new businesses related to COVID-19 (production of vaccines and masks)

Business Strategy (Business Policy)

Promote Initiatives to Become a Growth Foundation for the Industrial Printing Field as One of the Brother Group's Growth Pillars

- Accelerate the growth of the Domino business again by exhibiting synergies
- Expand the industrial printing domain by utilizing printing technology centered on inkjet

Enhancing the Competitiveness of Products and Contributing to the Improvement of Productivity while Striving to Reduce Environmental Impact

In June 2021, we launched the new Cx350i PIJ (Piezoelectric Inkjet) for outer case printing. The new product has strengths in printing speed, printing quality, and ease of operation realized through unified user interfaces. It meets increasing demand in emerging nations associated with the population growth and increasing needs for traceability by manufacturers, while being environmentally friendly by using plant-derived ink.

In addition, we launched the new X630i, full-color digital printing equipment for corrugated boxes, in June 2020 to help corrugated box manufacturers to increase production efficiency in order to meet increasing demand for small-lot production. One of the strengths of the new product is in printing on coated paper, and it uses ink that is highly safe for food in conformity with European food safety standards.

We will continue contributing to improving customers' productivity and sustainability by launching highly competitive new products.



Trend of Revenue / Business Segment Profits



Solving Social Issues through Business Activities

Contributing to Traceability and Food Safety

Food traceability* is extremely important for demonstrating food safety. Domino's coding and marking equipment achieves high-speed printing of best-before dates, expiration dates, lot numbers, production plant identification codes, and other requirements of traceability on such products as cans, glass and plastic bottles, and other containers.

Retort pouch foods require inks to be resistant to heat, water, and alcohol so that this printed information is not removed by high-temperature sterilization or alcohol disinfection processes. By providing a wide range of inks to meet the needs of customers, Domino has helped to ensure traceability.

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

Relevant SDGs



Human Resources

Respecting Employees' Diversity and Individual Value, We Develop Human Resources and Workplace Environments with a Focus on the Growth of Each and Every Employee

One of the Basic Policies of the Brother Group Global Charter provides that "The Brother Group respects diversity, and provides a working environment that enables our associates to utilize their talents and abilities to the fullest. The Brother Group gives them great opportunity through challenging work assignments, and provides them with fair, attractive financial rewards." Based on these ideas, we will develop a personnel system aimed at sustainable enhancement of corporate value and will continue to improve workplace environments.

Human Resources Development and Promotion of Diversity to Create New Value

Development of Global Human Resources

The Brother Group delivers products and services to customers all over the world with manufacturing facilities and sales facilities in 40 or more countries and regions of the world. We believe that enhancing the human resources development and related systems necessary for operation of our businesses while making the most of the characteristics of each country and region will help employees to exhibit their talent and skills over a long period of time. Based on this belief, we have put a development environment in place and built various systems. With globalization, advances in information technology, diversification in lifestyles and other drastic changes in the work style environment in recent years, we are facilitating more proactive career development for our employees and are organizing career development programs targeting important milestones in their career, starting from new employees by their positions. In addition, the Brother Group provides support in self-development, such as in languages, to encourage employees to acquire skills for them to play active roles at the global level. As a part of the talent development efforts, we are providing a career design program for employees at their career milestones to review their experiences and changes in their environments and visualize their future visions. We are also providing extension training that accepts employees who wish to participate to learn necessary skills, as well as an overseas dispatch training program designed for young employees to gain experience overseas early on in their careers.

We have prepared more than 20 programs for new managers, including harassment and human rights training, which cover various case studies that are based on actual incidents while delving into the meaning of "Trust and Respect" and "Ethics and Morality" stated in the Codes of Practice of The Brother Group Global Charter. Every year 50 or more employees participate in these programs.

Details of Employee Development Training and Education*1 (Brother Industries, Ltd.)

	FY2019	FY2020
Total hours	99,274 hours	104,526 hours
Average amount of money per employee	79,778 yen	49,067 yen
Average number of days per employee	1.09 days	1.15 days
Average amount of time per employee	26.12 hours	27.49 hours
Training types	Position-based education, new manager training, extension training, etc.*2	Position-based education, new manager training, extension training, etc.*2

*1 The data cover only the training programs conducted by departments in charge of company-wide training (the Human Resources Dept. and the Production Strategy Planning Dept.)

*2 Organized chiefly in the form of online seminars; the trainee program and overseas training for new employees were canceled.

Actively Promoting the Globalization

of Executives and Local Employment

The Brother Group has been promoting the globalization of its executive personnel

by appointing qualified persons, regardless of their nationality, to executive positions in the Group companies in various countries and regions. At facilities of the Brother Group, we are actively promoting local employees to executive positions with the aim of realizing community-based management. This includes promotion to the position of President at sales facilities of regional headquarters in the U.S. and China. In the Group companies outside Japan, local employees occupied 67% of management positions in FY2020, increasing from 52% in FY2016.

Promoting the Appointment of

Women in Managerial Positions

The proportion of female managers among all managers differs between the Brother Group companies, because the history of women's social advancement and their lifestyles and main occupations vary depending on countries and regions. However, women are active as managers in many Group facilities. At Brother Industries, Ltd. (BIL), there were 45 female managers in FY2020, exceeding the company's target of at least 44 female managers by that fiscal year. In FY2021, the company established a new target of at least 60 female managers by FY2025.

Promoting the Success of Women

BIL has been proactively supporting women's careers by formulating the "Commitment to Promotion of the Success of Women" and the "Action Plan to Support the Success of Women." The Company has also been adopting telecommuting and providing lectures by experts in an effort to realize workplace environments that enable working women to play greater roles than before. Moreover, BIL has been posting on the intranet the career profiles of female managers who serve as in-house role models. It has also been holding various events, such as internal small-group discussion meetings called the "Career Community" and round-table discussions among Outside Director Aya Shirai, female managers, and female employees.

Development of AI Personnel

BIL promotes the automation and efficiency of routine work by means of IT, such as RPA* and artificial intelligence (AI), across the company. For internal training regarding AI, a newly recruited employee who specialized in AI at graduate school (as of 2018) was selected as the leader. Targeting all employees, curricula was developed in-house according to the needs of different positions—such as newly recruited employees, software developers, and managers—and the leader acts as lecturer and conducts the training. As of FY2020, for internal training regarding AI, a total of 285 employees have attended classroom lessons taught by the lecturer while 4,446 employees have attended online lessons using textbooks.

* Robotic process automation: automation by software robots.

Comfortable Working Environment

Promotion of Health and Productivity Management

The Brother Group considers that managing the health of each and every employee is important for them to exhibit their talent and skills over a long period.

In September 2016, BIL established the Brother Group Health & Productivity Management Philosophy and also formulated "Healthy Brother 2025," a set of long-term targets to be achieved by FY2025, with the aim of allowing employees to actively demonstrate their abilities in a wide variety of areas. These targets include a smoking rate of less than 10% and a secondary cancer screening rate of 90% or above. We have also built a health & productivity management promotion system led by the President of BIL, who serves as Chief Health Officer (CHO). Under this system, the Company, the labor union, and the health insurance society collaborate with each other, working strategically on initiatives to further increase the rate of employees maintaining exercise habits, promote communication through periodic one-on-one meetings between superiors and subordinates, and other measures to revitalize organizations. As a result, we have been included in the Health & Productivity Stock Selection a total of four times since 2017.



Results of Initiatives (Brother Industries, Ltd.)

	FY2018	FY2019	FY2020
Voluntary turnover rates / Number of employees leaving*1	1.4% / 54	1.3% / 50	1.0% / 39
Employment rate of persons with disabilities			
BIL only	2.18%	2.03%	2.17%
Including 13 Brother Group companies in Japan*2	2.04%	2.11%	2.17%
Number of employees using the childcare leave system*3	73 (Male:35 / Female:38)	74 (Male:41 / Female:33)	99 (Male:63 / Female:36)
Percentage of employees taking childcare leave	Male:24.1% / Female:100.0%	Male:32.8% / Female:100.0%	Male:54.8% / Female:100.0%
Number of employees using the family-care leave system*3	5 (Male:1 / Female:4)	3 (Male:2 / Female:1)	2 (Male:1 / Female:1)
Number of employees using the short-time working system for childcare	177 (Male:9 / Female:168)	176 (Male:7 / Female:169)	184 (Male:10 / Female:174)
Number of employees using the short-time working system for family-care	3 (Male:0 / Female:3)	6 (Male:1 / Female:5)	5 (Male:2 / Female:3)
Number of employees using the nursing care leave system	33 (Male:7 / Female:26)	28 (Male:7 / Female:21)	13 (Male:3 / Female:10)

*1 Employees who resigned for personal reasons. *2 BROTHER INTERNATIONAL CORPORATION, BROTHER SALES, LTD., BROTHER ENTERPRISE, LTD., BROTHER LOGITEC LTD., XING INC., STANDARD CORP., TEICHIKU ENTERTAINMENT, INC., NISSEI CORPORATION, BROTHER REAL ESTATE, LTD., BROTHER LIVING SERVICE CO., LTD., BETOP STAFF, LTD., BROTHER INDUSTRIAL PRINTING (JAPAN), LTD. *3 Number of employees who started to take leave in the respective year.

TOPICS

BATON Project That Generates New Businesses through Employees' Interaction and Empathy

BATON stands for Business Acceleration and Open Network. It is a method of generating new businesses that is unique to Brother. Any BIL employee* can submit their ideas, and the ideas that pass a screening by the New Business Development Dept. will be posted on "Cloud Opinion," a selection tool on the intranet. The ideas for which a large number of employees show empathy will be selected, and the applicants who have submitted such ideas will be transferred to the New Business Development Dept. to start new projects. Under these projects, a person who has a new business idea and colleagues supporting the idea will cross business and departmental boundaries and gather to create what they truly want to have and produce. "BuddyBoard," a note app for iPads, is an example of the products born as a result

Supporting Diverse Work Styles

BIL has established various systems to support the work-life balance of its employees, including flextime, childcare or family-care leave, short-time working, and nursing care leave systems, so that they can continue working vigorously with no anxiety. Since FY2011, BIL has held seminars to consider how to strike a balance between work and family care in preparation for the arrival of an age with serious family-care problems in the near future. Managers, in particular, are required to participate in these seminars to gain information that helps them prepare for the risks associated with their subordinates' family-care. In FY2015, BIL started adopting telecommuting for employees engaging in childcare or family care, thereby allowing them to more flexibly choose the way they work. In FY2016, BIL held a cancer seminar for women in order to provide female employees with accurate cancer knowledge and continue to work vigorously for long years, and also launched the "Career Community," composed of theme-based round-table talks by BIL's senior employees.

We have also undertaken initiatives to create a corporate culture that makes it easy for male employees to acquire childcare leave. Such initiatives include posting feedback from male employees who have taken childcare leave on our websites, in the labor union's newsletter, and in other media to encourage male employees' participation in childcare. BIL's Action Plan to Support the Success of Women, which covers from FY2021 to FY2025, sets the targets of increasing the proportion of male employees taking childcare leave of two weeks or more to at least 60% and taking childcare leave of a total of four weeks or more to at least 30% by FY2025. Under the Plan, we are considering reviewing and improving the operation of existing systems or establishing new systems toward achievement of these targets.

of diverse employees interacting with each other and following the founder brothers' spirit of making products on one's own if they do not exist. It is a note app that is easy to use for anyone. It allows users to incorporate photos, videos, and PDF documents, add memos to them by hand, and share them in real time. The app enables, for example, overseas factories or other production frontlines to be connected to design facilities in Japan. It has thus achieved embodiment of the idea of "supporting frontlines from a remote location."

* Full-time employees and senior temporary employees only



R&D / Intellectual Property

We Will Enhance Our Brand Value through Our Technical Capabilities Trusted by Customers, while Effectively Using Our Intellectual Property Rights

The Brother Group considers that true technical capabilities refer to the utilization of a variety of Brother's unique technologies to create products and services that customers demand. To offer products chosen by customers, the Brother Group's engineers give full attention to customers. They devote themselves to value creation by constantly thinking about what technologies they can apply to satisfy customers and what kind of products will be helpful to customers.

Approaches to Intellectual Property

The Brother Group considers that accumulation of intellectual property with high value and respect for other companies' intellectual property rights are important factors for sustainable business growth. To realize them, as shown below, we have formulated and implemented a basic strategy in relation to intellectual property that is integrated with our management strategy and business strategy.

- Acquire an appropriate amount of high-quality rights according to the intellectual property environment in each business domain to secure freedom of business activities
- Seek to enhance and maintain the value of the group of intellectual property rights we hold by having a good balance between acquiring new rights and disposing of obsolete rights
- Strengthen collaboration with domestic and foreign partners and promote the global formation of intellectual property
- Advance initiatives for digital transformation (DX) and analyze information on intellectual property promptly from various angles, thereby contributing to the promotion of management strategy and business strategy
- Develop intellectual property personnel who use outstanding intellectual property useful to our business from a global perspective

Rights Acquisition Activities

As stated earlier, the Brother Group engages in rights acquisition according to the situation of each business domain. For example, in the Printing domain, where the number of patents acquired in the entire industry is high, we are advancing activities to hold a considerable number of valuable patent rights to gain an advantage over our competitors. In the Industrial Printing domain, we are actively acquiring rights for inkjet-related technologies, in which we have a competitive advantage, thereby supporting the expansion of business growth. Moreover, development departments and intellectual property departments work together to find promising technologies and incorporate them into our Group of patents. With regard to products in new business domains, such as air purifiers and spot coolers, we seek to acquire patent rights, design rights, and trademark rights that protect Brother's new technologies and brands while predicting future developments with related departments.



Spot cooler for forklifts

Example of establishment

Patent Rights Acquisition Status

Brother's patent publication and registration status is as shown below.

No. of patents published in Japan	1,236 (FY2020)
No. of patents registered in Japan	710 (FY2020)
No. of patents registered in the U.S	716 (FY2020)
No. of patents Brother holds worldwide	Approx. 30,000 (as of March 31, 2021)

Utilization of and Respect for Rights

In the Brother Group, we utilize the rights we own in various ways. For example, in some cases, we issue warnings or enforce rights in pursuit of an injunction or damages against those who threaten our businesses by manufacturing and selling products that infringe on our rights. In recent years, we succeeded in obtaining an injunction from the U.S. International Trade Commission (ITC) against the importing of printer consumables into the U.S. which infringed on patent rights that we acquired in the U.S. We have also concluded intellectual property licensing agreements, and some of our rights are used by other companies. Meanwhile, Brother respects third parties' rights. When starting a new business and developing a new product, we conduct thorough patent investigations from an early stage to ensure that we do not infringe on other companies' intellectual property rights. We also avoid other companies' rights or acquire licenses for such rights, as necessary. In this way, we have realized the commercialization and development of products embodying Brother's motto "At your side."

Brand

We currently own the trademark right for the Brother brand in 150 countries and regions. Depending on the situation, we issue warnings, file lawsuits, or take other actions to protect the brand against imitations (products infringing on our trademark). Within the Brother Group, we have set up a Group-wide organization responsible for the management and use of the brand, while establishing internal rules to provide clear guidelines for the appropriate management and use of the brand. We thus strive to maintain and improve our brand image.

Development of Human Resources for Intellectual Property

BIL continuously develops human resources related to intellectual property. We provide engineers with opportunities to deepen their understanding of intellectual property through means such as internal e-learning and training programs given according to their levels. We also provide intellectual property department personnel with professional education programs extending over several years. We focus on the development of global human resources as well. Even during the COVID-19 pandemic, which has made it difficult to dispatch personnel overseas, we hold periodic online workshops conducted by foreign attorneys and have incorporated other new training methods.

Production

We Have Established Production Facilities Mainly in Asia and Manufacture Highly Reliable Products through the Collective Efforts of the Brother Group

We have developed a global production system involving multiple facilities especially for consumables. By diversifying production facilities, we strive to reduce various risks and realize stable supply of products to customers.

Strengths in Production

Risk Hedging and Realization of Cost

Competitiveness through Global Production Strategy

In our mainstay P&S business, we have built a global production system centered on factories in China, Vietnam, and the Philippines. We promote production at multiple facilities for consumables, in particular, and strive to realize stable production and stable supply to customers. In light of the production efficiency and consumption sites, we review the production scale and items of each factory as needed, expanding the scale of factories to increase their production capabilities

or consolidating factories to raise management efficiency, if necessary. Our factories in Japan, Europe, and the U.S. recycle consumables and undertake initiatives toward the realization of a sound material-cycle society as eco-friendly factories. The spread of COVID-19 significantly affected our supply chain. In particular, it caused stagnation of parts procurement, production, and shipping and distribution. In preparation for natural disasters and geopolitical risks that could occur in the future, we will advance the diversification of production facilities, storing of inventories, and collaboration with parts suppliers, as well as making efforts to build a resilient supply chain.

Sales / Services

We Have Established Sales and Service Facilities in Countries and Regions across the World and Deliver Products and Services to Customers All Over the World

We collect customer feedback by using the global sales network and expertise we have built over long years and provide products and services with added value unique to Brother.

Strengths in Sales

Detailed Customer Services Based on Flexible Responses

Amid rapid changes in the business environment, such as the diversification of markets and changes in customers' behavior, Brother collects customer feedback together with our sales facilities established in more than 40 countries and regions. We are also strengthening collaboration with our business partners in new businesses and fields, while utilizing the sales routes and technological and sales expertise we have nurtured to date. In the Machinery business (Industrial Equipment), we held online seminars so we would be able to provide solutions to customers even though we were unable to visit customers due to the COVID-19 pandemic. Our sales companies in Japan also held an online new product presentation event, where they explained our business strategy and features of new products and introduced examples of usage.

Full Range of Support and Prompt Provision of After-sales Service

We have set the activity goal of continuing to provide a full range of support and prompt after-sales service so that customers keep using our products. In the P&S business, the quality and service departments of the Brother Group meet once a year to share important issues toward realization of the Group's Basic Policies and global service strategy, as well as cases at each site. By providing a summary of findings at the meeting to their respective regions, these departments help to further enhance our service levels. During the COVID-19 pandemic, customer inquiries are handled by personnel working from home or at newly established satellite offices. At our overseas sales sites, we have also adopted new customer response systems that utilize information technology (IT) and artificial intelligence (AI), such as chats and chat bots*, in addition to services by phone and email.

*A chat bot is a conversation system that answers text entered by users through an automated system.