

Corporate information

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# Integrated Report 2023

**BROTHER INDUSTRIES, LTD.**

15-1 Naeshiro-cho, Mizuho-ku, Nagoya 467-8561, Japan  
URL: <https://global.brother/en>

Published in November 2023



Comments on Issuance of “Integrated Report 2023”



Ichiro Sasaki  
Representative Director & President



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

This is the “Integrated Report 2023” of the Brother Group. In this report, we have expanded upon the information we disclosed last year in the Integrated Report 2022 with more emphasis on the Brother’s identity and ease of understanding, to help our shareholders, investors, and other stakeholders deepen their understanding of the Group’s medium- to long-term value creation.

Since its foundation, the Brother Group has aimed to help customers improve their productivity and unlock their creativity. With this in mind, we have conducted our business activities in the spirit of “At your side.” In the Integrated Report 2023, we describe more clearly how we are improving our corporate value over the medium- to long-term by investing various resources of our Group and leveraging our strengths and business models, upon reviewing our value creation process and based on the spirit of “At your side.” This report also provides the progress of our business strategy and management foundation transformation in “CS B2024,” our medium-term business strategy formulated by backcasting from the Brother Group Vision of “At your side 2030,” as well as materiality identification and initiatives for sustainability.

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

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

November 2023

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Editorial Policy

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

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

Brother Corporate Information <https://global.brother/en/corporate>



Period Covered by the Report

The report mainly covers FY2022 (from April 1, 2022 to March 31, 2023). It also includes some information for the period from April 2023.

Companies Covered by the Report

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

Concept behind the Cover

In line with the medium-term business strategy “CS B2024” formulated by backcasting from the Brother Group Vision “At your side 2030,” the cover depicts the progress of “CS B2024” and the growth of the Brother Group with a door that leads to the future being slightly opened in the first year, FY2022, and opened even further in FY2023.



## The “At your side.” Spirit and Management Strategy

### Creating the future with the “At your side.” spirit

Since its foundation in 1908 as a sewing machine repair business, the Brother Group has pursued the diversification and globalization of business in its history of 115 years. Underlying our activities at all times is the prompt provision of superior value based on the “At your side.” spirit, which always places our customers first. We believe that being useful and bringing joy to our customers through the Brother Group’s products and services will bring us happiness. Going forward, we will continue to utilize our unique technologies and global network to create value that is distinctive to Brother. We will also contribute to society and help to protect the earth by working to solve social issues through business.

### Brother Group Vision “At your side 2030”

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

See page 17.

# Brother Group Vision At your side 2030

#### Our Purpose

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

#### Our Approach

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

#### Our Focus Areas

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

## Brother Group Medium-Term Business Strategy “CS B2024”

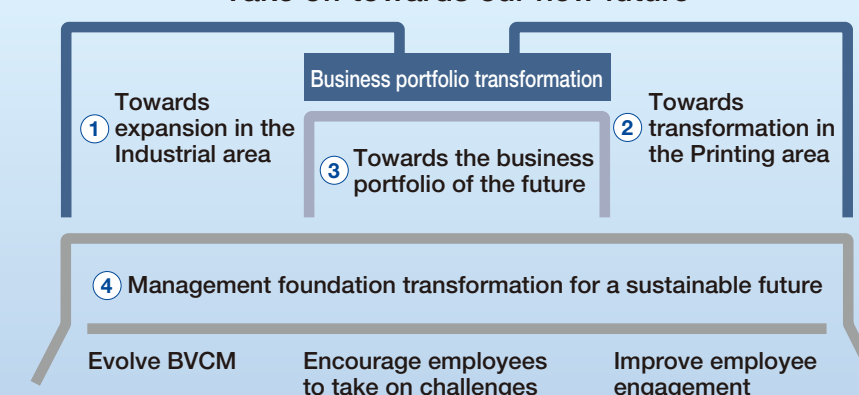
In order to realize “At your side 2030,” the Brother Group implements the medium-term business strategy “CS B2024,” which focuses on the transformation of its business portfolio and management foundation for a sustainable future, as well as initiatives to resolve materiality at the core of the strategy.

See pages 18-25.

# CS B2024

At your side  
2030 Realizing the vision

Take off towards our new future



### Materiality

#### Contribute to society

- Supporting people’s value creation
- Realizing a diverse and active society
- Pursuing a responsible value chain

#### Protect the earth

- Reducing CO<sub>2</sub> emissions
- Circulating resources

### The Brother Group Global Charter

With the spirit of “At your side.”, Brother conducts management with an emphasis on sustainability to create social value through its business. The foundation of this is the Brother Group Global Charter (Global Charter), which is the cornerstone of all Brother Group activities and consists of Basic Policies and Codes of Practice for the day-to-day decision-making and implementation by Group employees. The Global Charter has been translated into 28 languages and shared so that all employees in more than 40 countries and regions can correctly understand and remain aware of it.

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



Prospectus of Establishment



## Top Message



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

**Ichiro Sasaki**  
Representative Director & President

## Brother Group Vision for 2030

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

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

such as in China and India.

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

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

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

The main members in formulating the Group Vision

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

## Value Creation Pursued by the Brother Group

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

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

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

### What is Brother's unique value?

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

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

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

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

products and services that meet their needs.

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

### What specific initiatives are being undertaken in your business activities?

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

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

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

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

## Brother's Strengths and Addressing Materialities

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

The Brother Group has identified five materialities to realize Our Purpose of the 2030 Vision: supporting people's value creation, realizing a diverse and active society, pursuing a responsible value chain, reducing CO<sub>2</sub> emissions, and circulating resources. We have also set sustainability targets for 2024 as mid-term goals for resolving these materialities, and we are steadily implementing initiatives to achieve them.

See page 19.

Supporting people's value creation represents our desire to contribute to the enriched and comfortable lives of people around the world through value creation, such as improved productivity and demonstrated creativity, by people who use the Brother Group's products and services. As part of our efforts in FY2022, we launched seven new models in the "SPEEDIO" series, which boast high energy-saving performance and productivity, with further improvements over the past year in the Industrial Equipment Business, contributing to customers' productivity improvement and CO<sub>2</sub> emissions reduction. See pages 28-29. In the Printing and Solutions Business (P&S Business), we strengthened our efforts to connect with customers in each region, such as through subscription services, in order to improve LTV\*<sup>1</sup> of customers. See pages 26-27.

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

In FY2022, we conducted an employee engagement survey\*<sup>2</sup>, assessed the status of our human resource policies, identified issues at major overseas facilities, and expanded our training program for female management candidates\*<sup>2</sup>. See pages 32-34.

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

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

risks on a broader scale than before. See page 43.

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

We are also accelerating our efforts in reducing CO<sub>2</sub> emissions and circulating resources.

Climate change is an issue requiring urgent action. To reduce CO<sub>2</sub> emissions, we have declared in the "Brother Group Environmental Vision 2050" that we will achieve carbon neutrality in the Group's business activities by 2050, and we have also set a mid-term target to achieve by 2030.

See page 44.

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

Going forward, we will pursue lower power consumption and longer product lives than ever, maximize the use of recycled materials, strengthen cooperation with suppliers, and tackle CO<sub>2</sub> emissions reduction throughout the product life cycle, from material procurement to production, packaging, use, collection, and disposal.

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

See page 44.

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

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

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

\*2 Implemented only at Brother Industries, Ltd.

\*3 Scope 1: Direct GHG emissions by business operators

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

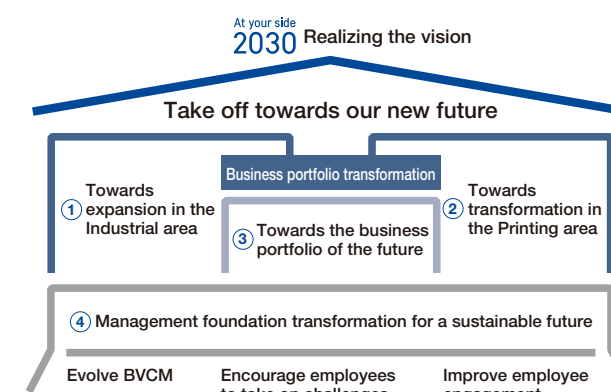
\*4 Scope 3: Indirect GHG emissions other than Scope 1 and 2 (emissions by other entities related to the activities of business operators)  
Category 1 is emissions associated with purchased goods and services. Category 11 is emissions associated with the use of sold products. Category 12 is emissions associated with the end of life treatment of sold products.



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

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

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



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

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

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

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

Furthermore, we are also actively making forward-looking investments to create new businesses that will fuel Brother's value creation in the future, regardless of whether they are in the Industrial or Consumer area.

See pages 24-25.

### <Business Portfolio Transformation>

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

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

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



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

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

See page 21.

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

For example, our spot cooler "Pure Drive" uses Brother's unique two-stage cooling system with a heat exchanger and cooling elements to achieve excellent cooling effects, despite using evaporative cooling, and can cool only the necessary areas. We expect future demand for this product for its ability to contribute to solving social issues such as reducing CO<sub>2</sub> emissions and improving the working environment.

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

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

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

With regard to carbon neutrality, as mentioned above, we are reducing CO<sub>2</sub> emissions through energy-saving and

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

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

See page 33.

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

#### <Strengthening Human Resource Development>

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

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

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

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

See page 32.

#### <Financial Policy>

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

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

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

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

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

## Message to Our Stakeholders

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

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

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

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

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

Profile of Ichiro Sasaki



Ichiro Sasaki is affectionately called "Ichiro-san" by employees, See pages 35-39

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

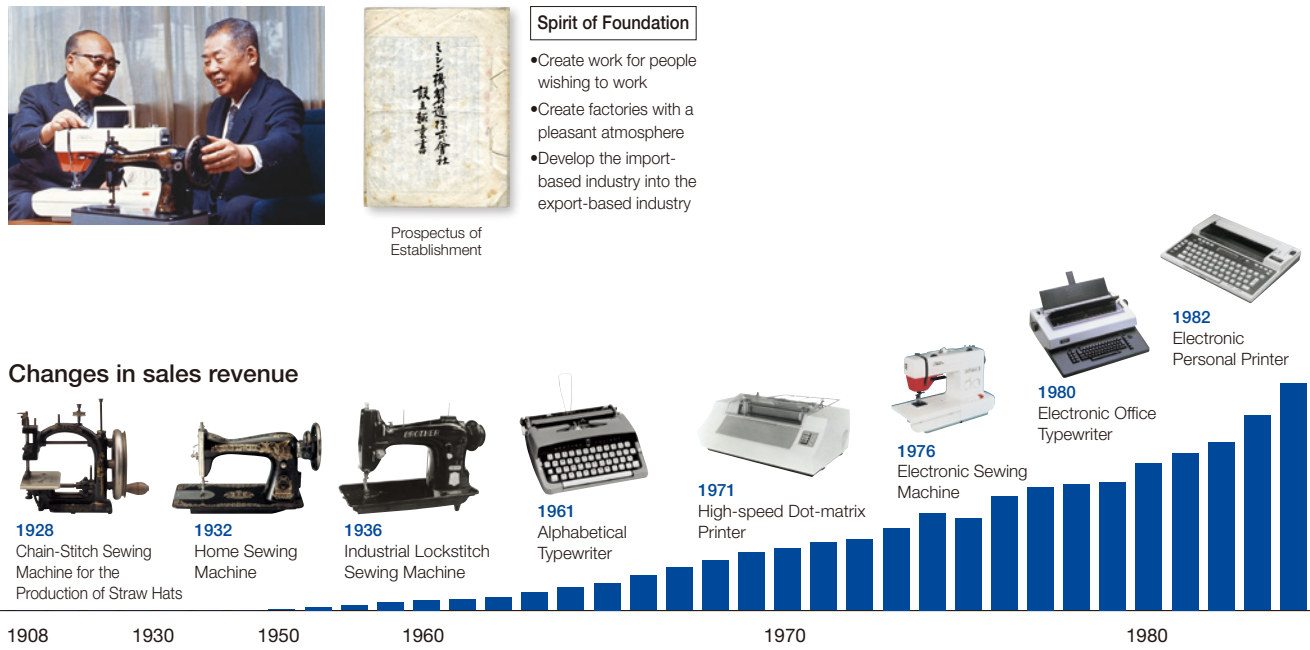
Directors, Corporate Auditors, and Executive Officers

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

Brother's History

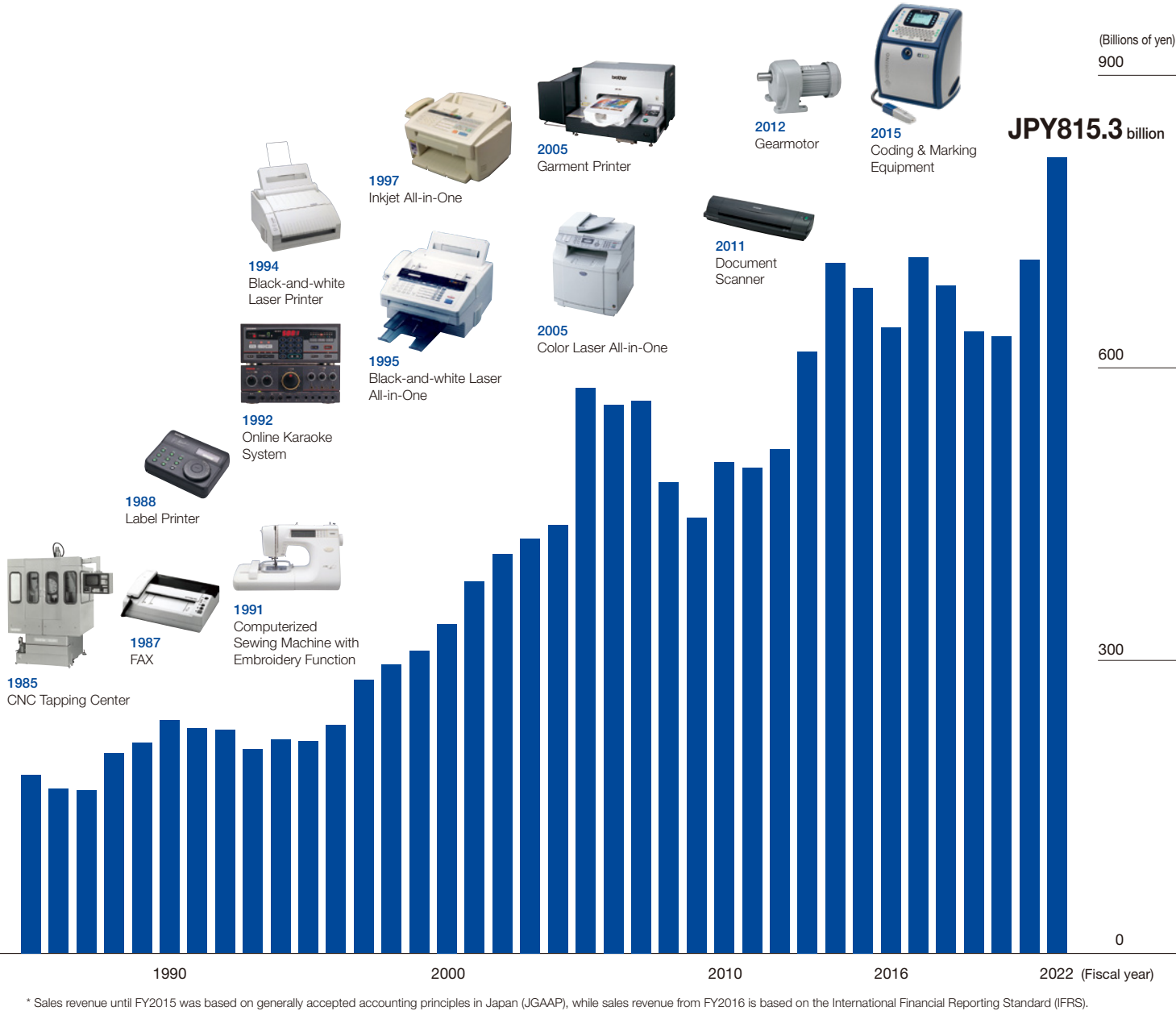
The Brother Group Has Followed a Trajectory of Business Transformation and Growth while Responding to Customer and Social Needs

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



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

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





## Brother's Businesses

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

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

Business Segments		Sales Revenue Breakdown	Trend of Revenue & Business Segment Profits	Main Products												
<div>Printing and Solutions Business</div> <div>P&amp;S</div> <div>See pages 26-27.</div>	<p>We provide a variety of solutions that meet the printing needs of customers. We support the continuously changing business situations of our customers through our compact printers and All-in-Ones, as well as a diverse lineup of label printers for both home and business use.</p>	<div>60.9%</div>	<div><div>Communications and Printing Equipment (left axis)</div><div>Labeling (left axis)</div><div>Business segment profits (right axis)</div><table><thead><tr><th>(Billions of yen)</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Communications and Printing Equipment (left axis)</td><td>424.2</td><td>496.7</td></tr><tr><td>Labeling (left axis)</td><td>57.3</td><td>61.7</td></tr><tr><td>Business segment profits (right axis)</td><td>366.9</td><td>435.1</td></tr></tbody></table><div>(Fiscal year)</div></div>	(Billions of yen)	2021	2022	Communications and Printing Equipment (left axis)	424.2	496.7	Labeling (left axis)	57.3	61.7	Business segment profits (right axis)	366.9	435.1	<div>Laser All-in-One</div> <div>Label Printer</div> <div>Inkjet Printer</div>
(Billions of yen)	2021	2022														
Communications and Printing Equipment (left axis)	424.2	496.7														
Labeling (left axis)	57.3	61.7														
Business segment profits (right axis)	366.9	435.1														
<div>Machinery Business</div> <div>Machinery</div> <div>See pages 28-29.</div>	<p>We contribute to improving the productivity of and creating new value for our customers through machine tools that are ideal for parts processing such as automobile and general machinery; industrial sewing machines that are easy to use, provide high-quality sewing and conserve energy; and garment printers that meet garment digital printing needs.</p>	<div>11.8%</div>	<div><div>Industrial Sewing Machines (left axis)</div><div>Industrial Equipment (left axis)</div><div>Business segment profits (right axis)</div><table><thead><tr><th>(Billions of yen)</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Industrial Sewing Machines (left axis)</td><td>90.5</td><td>96.4</td></tr><tr><td>Industrial Equipment (left axis)</td><td>56.6</td><td>61.3</td></tr><tr><td>Business segment profits (right axis)</td><td>34.0</td><td>35.1</td></tr></tbody></table><div>(Fiscal year)</div><div><small>*From FY2022, the industrial parts business, previously included in the Machinery Business, is disclosed as the Nissei Business</small></div></div>	(Billions of yen)	2021	2022	Industrial Sewing Machines (left axis)	90.5	96.4	Industrial Equipment (left axis)	56.6	61.3	Business segment profits (right axis)	34.0	35.1	<div>Machine Tool</div> <div>Industrial Sewing Machine</div> <div>Garment Printer</div>
(Billions of yen)	2021	2022														
Industrial Sewing Machines (left axis)	90.5	96.4														
Industrial Equipment (left axis)	56.6	61.3														
Business segment profits (right axis)	34.0	35.1														
<div>Domino Business</div> <div>Domino</div> <div>See page 30.</div>	<p>We provide coding &amp; marking equipment that prints information such as best-before dates and lot numbers on plastic bottles, cans and food packaging as well as digital printing equipment that responds to the need for a wide variety of product packaging in smaller quantities and shorter delivery times, contributing to ensuring consumer protection, traceability and improving productivity at factories.</p>	<div>12.4%</div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><thead><tr><th>(Billions of yen)</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Revenue (left axis)</td><td>84.7</td><td>100.8</td></tr><tr><td>Business segment profits (right axis)</td><td>5.2</td><td>5.6</td></tr></tbody></table><div>(Fiscal year)</div><div><small>*The Industrial Printing Business, which had been included in other businesses, was integrated into the Domino Business in FY2022.</small></div></div>	(Billions of yen)	2021	2022	Revenue (left axis)	84.7	100.8	Business segment profits (right axis)	5.2	5.6	<div>Coding &amp; Marking Equipment</div> <div>Digital Printing Equipment</div>			
(Billions of yen)	2021	2022														
Revenue (left axis)	84.7	100.8														
Business segment profits (right axis)	5.2	5.6														
<div>Nissei</div> <div>Nissei</div> <div>See page 31.</div>	<p>We precisely accommodate diversifying customer needs in fields such as labor saving and automation, which are expected to grow, and contribute to customer value creation through gearmotors with a wide range of product variations, high stiffness reducers that are the driving force of industrial robots and factory automation equipment, and gears with high precision and quality.</p>	<div>2.9%</div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><thead><tr><th>(Billions of yen)</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Revenue (left axis)</td><td>20.7</td><td>23.5</td></tr><tr><td>Business segment profits (right axis)</td><td>1.4</td><td>1.9</td></tr></tbody></table><div>(Fiscal year)</div></div>	(Billions of yen)	2021	2022	Revenue (left axis)	20.7	23.5	Business segment profits (right axis)	1.4	1.9	<div>Gearmotor</div> <div>High Stiffness Reducer</div> <div>Gear</div>			
(Billions of yen)	2021	2022														
Revenue (left axis)	20.7	23.5														
Business segment profits (right axis)	1.4	1.9														
<div>Personal and Home Business</div> <div>P&amp;H</div> <div>See page 31.</div>	<p>We make proposals for the joy of making things by hand with products and services that help customers demonstrate their creativity, such as home cutting machines, in addition to our leading products, home sewing machines. Our high-end sewing and embroidery machines utilize IoT to expand the new possibilities for handmade items.</p>	<div>6.3%</div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><thead><tr><th>(Billions of yen)</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Revenue (left axis)</td><td>50.0</td><td>51.0</td></tr><tr><td>Business segment profits (right axis)</td><td>8.1</td><td>5.8</td></tr></tbody></table><div>(Fiscal year)</div></div>	(Billions of yen)	2021	2022	Revenue (left axis)	50.0	51.0	Business segment profits (right axis)	8.1	5.8	<div>Sewing and Embroidery Machine</div> <div>Home Cutting Machine</div>			
(Billions of yen)	2021	2022														
Revenue (left axis)	50.0	51.0														
Business segment profits (right axis)	8.1	5.8														
<div>Network and Contents Business</div> <div>N&amp;C</div> <div>See page 31.</div>	<p>We pursue the creation of new customer value by proposing services, products and content using the distribution technology that we have cultivated through online karaoke systems as well as by developing and providing “JOYSOUND,” an online karaoke system for business use.</p>	<div>4.3%</div>	<div><div>Revenue (left axis)</div><div>Business segment profits (right axis)</div><table><thead><tr><th>(Billions of yen)</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Revenue (left axis)</td><td>29.6</td><td>35.3</td></tr><tr><td>Business segment profits (right axis)</td><td>(2.7)</td><td>0.5</td></tr></tbody></table><div>(Fiscal year)</div></div>	(Billions of yen)	2021	2022	Revenue (left axis)	29.6	35.3	Business segment profits (right axis)	(2.7)	0.5	<div>Online Karaoke System for Business Use</div> <div>Entertainment Platform</div> <div>Video Viewing Service</div>			
(Billions of yen)	2021	2022														
Revenue (left axis)	29.6	35.3														
Business segment profits (right axis)	(2.7)	0.5														

## The Value We Provide through Business

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

Solving customer's problems with high productivity and environmental performance

Brother Group Vision  
At your side  
**2030**

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

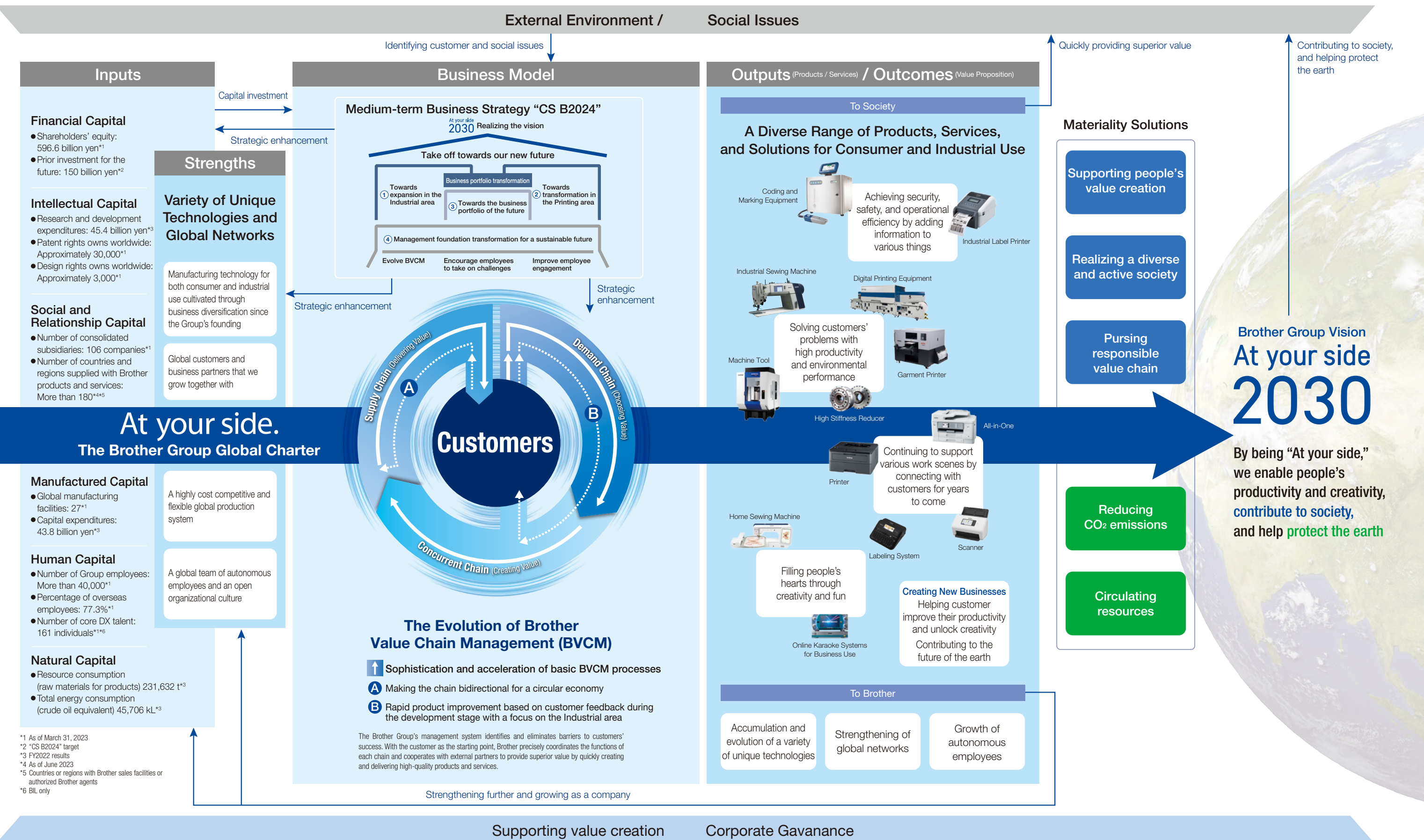
Filling people's hearts through creativity and fun



## Brother's Value Creation Process

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

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



# Vision and Medium-term Business Strategy

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

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

## Understanding of the Business Environment and Incorporation into the Strategy Framework



## Brother Group Vision “At your side 2030”

Based on the changes in the business environment expected to occur in 2030 and considering what kind of value to provide to its customers and society, “At your side 2030” shows how Brother will provide value (“Our Approach”) and what value will be realized (“Our Focus Areas”), starting from “Our Purpose,” which redefines Brother’s raison d’être.

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.

## Materiality

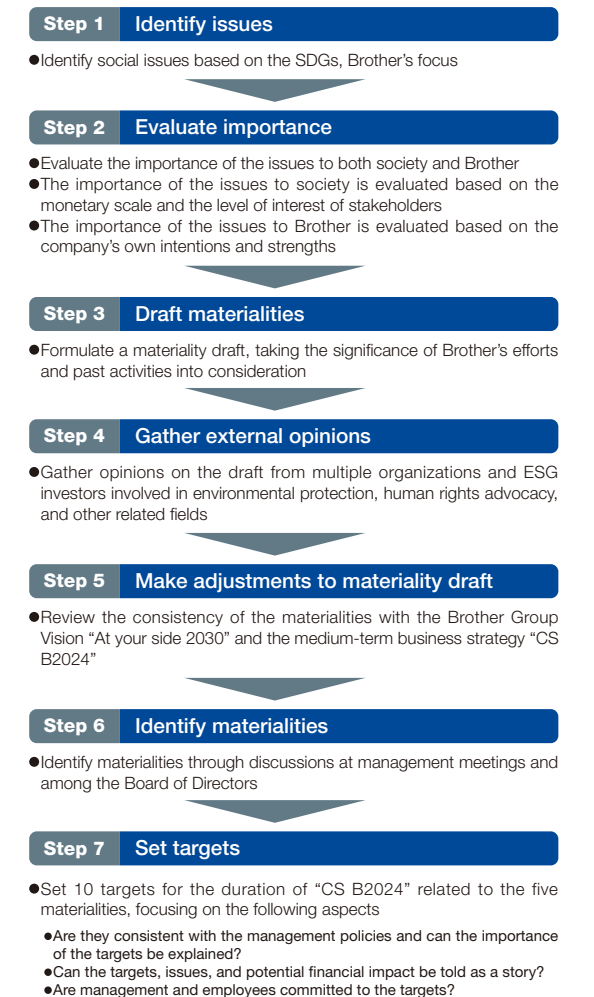
We have identified materialities as the key social issues to achieve “At your side 2030” and to contribute to society and help protect the earth. We have positioned addressing these

issues as a key management issue during the “CS B2024” period, and are carrying out activities across the Group, with the Sustainability Committee playing a central role.

Materiality		Relevant SDGs
Contribute to society	Supporting people’s value creation	
	Realizing a diverse and active society	
	Pursuing a responsible value chain	
Protect the earth	Reducing CO <sub>2</sub> emissions	
	Circulating resources	

## Materiality identification process

The Brother Group has identified five materialities through the formulation of “CS B2024” in order to realize “Our Purpose” as stated in the Vision. The decision to identify the materialities was made after discussions at management meetings and by the Board of Directors through the process outlined below. In carrying out “CS B2024,” key measures are determined and implemented for each materiality, and progress is regularly monitored.





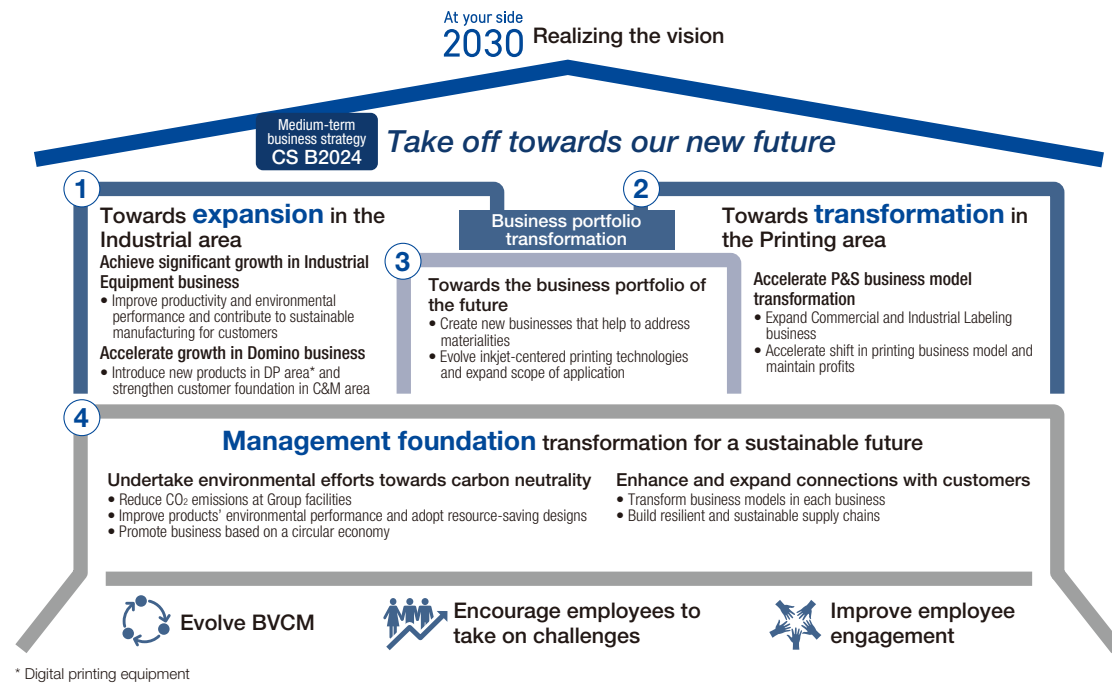
## Vision and Medium-term Business Strategy | Medium-term strategy “CS B2024”

### Medium-term strategy “CS B2024”

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

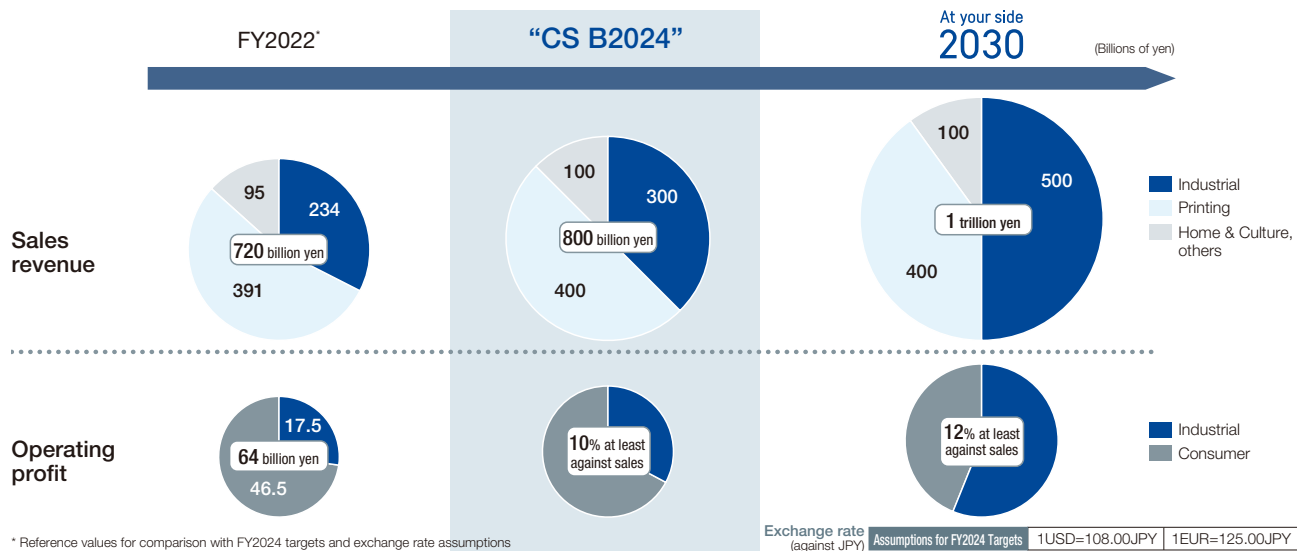
#### “CS B2024” outline

“CS B2024” has three key themes towards business portfolio transformation: (1) expansion in the Industrial area, (2) transformation in the Printing area, and (3) activities toward the business portfolio of the future. To support these three themes, we are also promoting management foundation transformation for a sustainable future.



### Business Portfolio Transformation, the Key Component of “CS B2024”

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

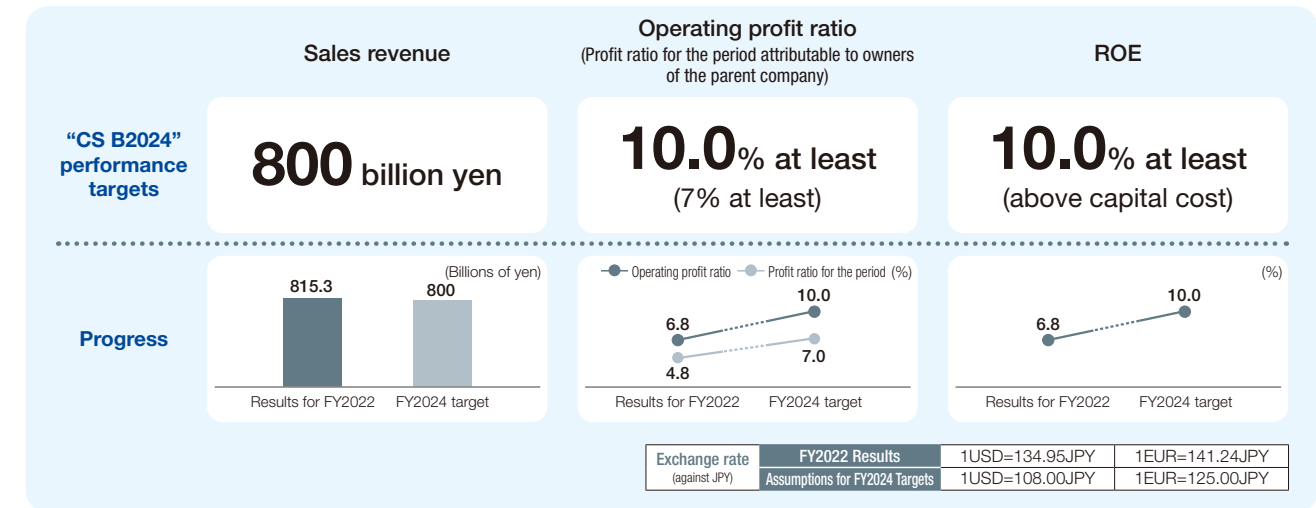


### Financial Targets and Progress

“CS B2024” sets three financial targets for sales revenue, operating profit ratio, and ROE, as well as sustainability targets. In the first year, FY2022, sales revenue was 815.3 billion yen, and the exchange rate assumptions for the FY2024 targets were 1 US dollar = 108.00 yen and 1 euro = 125.00 yen. Following the rapid depreciation of the yen, however, the exchange rates for FY2022 were 1 US dollar = 134.95 yen and 1 euro = 141.24 yen.

In addition to this positive impact of foreign exchange rates, the P&S Business and other businesses that achieved solid sales growth resulted in the achievement of the FY2024 targets in FY2022, ahead of schedule.

Both the operating profit ratio and ROE were 6.8%, 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 [See pages 56-57.](#), chaired by the President & CEO, is promoting activities across the entire Group as management issues.

Materiality		Targets for FY2024	Progress	See
Contribute to society	Supporting people's value creation	<ul style="list-style-type: none"> <li>In the Industrial Equipment business, secure performance advantage of products that contribute towards improving customer productivity and reducing CO<sub>2</sub> emissions</li> <li>In P&amp;S business, build platform to connect directly with customers towards improving LTV of customers</li> </ul>	<ul style="list-style-type: none"> <li>Launched a total of seven new models in the “SPEEDIO” series, boasting high environmental performance and productivity</li> <li>Strengthened efforts to connect interactively with customers, including subscription services in each region</li> </ul>	<a href="#">See Pages 28-29.</a>  <a href="#">See Pages 26-27.</a>
	Realizing a diverse and active society	<ul style="list-style-type: none"> <li>Visualize employee engagement at the global level and improve engagement survey scores</li> <li>Enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan</li> <li>Strengthen talent pipeline for healthy gender balance in management positions and establish environment for achieving diverse ways of working*</li> </ul>	<ul style="list-style-type: none"> <li>Conducted employee engagement survey * Implemented at Brother Industries, Ltd.</li> <li>Identified the current status of HR policies and issues at major facilities outside Japan</li> <li>Expanded Program to Develop Female Management Candidates * Implemented at Brother Industries, Ltd.</li> </ul>	<a href="#">See Pages 32, 34.</a>
	Pursuing a responsible value chain	<ul style="list-style-type: none"> <li>Expand the human rights risk assessment on suppliers</li> <li>Attain RBA* Gold certification for three Group manufacturing facilities * Responsible Business Alliance (RBA)</li> </ul>	<ul style="list-style-type: none"> <li>Expanded the number of businesses and suppliers covered in supply chain human rights due diligence on primary suppliers</li> <li>Conducted Conflict Minerals Survey continuously</li> <li>Received RBA Gold Certification at the Vietnam Factory* of P&amp;S as a first facility in the Group * Brother Industries (Vietnam) Ltd.</li> </ul>	<a href="#">See Page 43.</a> <a href="#">Responsible Supply Chain</a> <a href="https://global.brother/en/sustainability/social/supply-chain">https://global.brother/en/sustainability/social/supply-chain</a>
Protect the earth	Reducing CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>[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</li> <li>[Scope 3] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level</li> </ul>	<ul style="list-style-type: none"> <li>[Scope 1,2] Implemented energy-saving and energy-creating measures such as more efficient use of electricity and introduction of solar power generation, and achieved the reduction target for FY2022</li> <li>[Scope 3] Implemented measures centered on improving energy efficiency of new products as planned, and considered additional measures for FY2023</li> </ul>	<a href="#">See Pages 44-45.</a> <a href="#">See Page 47.</a> <a href="#">See “Non-financial Indicators” on page 71</a> <a href="#">Medium-term Targets for FY2030</a> <a href="https://global.brother/en/sustainability/eco/cc#c06">https://global.brother/en/sustainability/eco/cc#c06</a>
	Circulating resources	<ul style="list-style-type: none"> <li>Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%</li> </ul>	<ul style="list-style-type: none"> <li>Implemented measures such as using recycled materials in some products and changing to recyclable cushioning materials</li> </ul>	<a href="#">See Page 44.</a> <a href="#">See Page 47.</a>

Vision and Medium-term Business Strategy | Medium-term strategy “CS B2024”

Four Priority Themes of “CS B2024”

Under the theme of “Take off towards our new future” in the medium-term business strategy “CS B2024,” the Brother Group aims for the business portfolio transformation as well as the management foundation transformation 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.

Exchange rate (against JPY)	FY2022 Results	1USD=134.95JPY	1EUR=141.24JPY
	Assumptions for FY2024 Targets	1USD=108.00JPY	1EUR=125.00JPY

Business Portfolio Transformation ① Towards Expansion in the Industrial Area

Achieve Significant Growth in the Industrial Equipment Business

In response to the growing demand for EV\*-related parts and the accelerating trend of carbon neutrality, we will further improve the high productivity and 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 CO<sub>2</sub> emissions, with the aim of achieving sales revenue of 100 billion yen in FY2024.

\* Acronym for electric vehicle

**Key initiatives**

**Enhance product strength and supply capability**

- Contribute to customers’ strengthening of manufacturing competitiveness and reduction of CO<sub>2</sub> emissions
  - Further pursue strength of high productivity and energy-saving performance
  - Respond to labor-saving/automation needs
  - Expand sales by effectively promoting environment performance
- Provide peripheral services using digital technologies
- Expand production capabilities and storage functions

**Expand customer base**

- Expand sales to automobiles and general machine market
  - Use change in processing requirements as an opportunity and launch full-scale push in EV-related market
  - Develop non-auto applications towards further growth
- Enhance sales organizations in major markets
  - Expand and enhance sales facilities and human resources in Japan, China, and India
- Introduce new category products

**Sales revenue**

Year	Sales revenue (Billions of yen)
Results of FY2022	61.3
FY2024 target	100

**Industrial Equipment (machine tools):**  
Significant growth by leveraging high productivity and energy-saving performance

**FY2022 Highlights**

Despite the impact of shortages in semiconductors and other materials, sales to the automotive and general machine market grew steadily, mainly in the EV-related market. Regarding sales, we continue to strengthen our sales and service foundation by positioning China, India, and Japan as priority regions. In manufacturing, we made the decision to construct a new plant in India, where significant market growth is expected in the future. In terms of products, we have expanded our product lineup by launching seven new models.

See pages 28-29.

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

In response to the growing demand for high-mix low-volume printing and increasing interest in traceability to ensure safety in food and other products, we will enhance product strength by introducing new products and strengthen relationships with customers for Coding & marking equipment (C&M area)\*1 and digital printing equipment (DP area)\*2 in the Domino Business, with the aim of achieving sales revenue of 100 billion yen in FY2024.

\*1 Printing of expiration dates and other information on PET bottles and cans  
\*2 Printing of items such as product packaging labels

**Key initiatives**

**Enhance ability to provide highly specialized solutions**

- Pursue best-in-class “customer experience”
  - Solve expanding issue of traceability in daily consumables
  - Use expertise in digital printing technology to provide solutions
  - Strengthen relationships with customers using digital technologies and expand aftermarket sales
- Enhance product competitiveness
  - Continue to launch new competitive products in DP and C&M areas using Brother's development foundation

**Enhance industrial inkjet technology foundation**

- Enhance development of element technologies
  - Develop printing heads and inks with a view of future application expansion and sustainability requirements
- Strengthen inkjet production foundation

**Sales revenue**

Year	Sales revenue (Billions of yen)
Results of FY2022	100.8
FY2024 target	100

**C&M area:**  
Achieve stable growth by strengthening relationships with customers

**DP area:**  
Accelerate growth by launching new products

**FY2022 Highlights**

In the C&M area, we are strengthening our product lineup by continuously introducing new products. In the DP area, we are actively carrying out sales and marketing activities, including resumption of participation in exhibitions that had been restricted due to the COVID-19 pandemic, as well as strengthening our product capabilities. In the overall business, we are accelerating growth by enhancing customer experience value through stronger relationships with customers and strengthening our industrial inkjet technology foundation to gain long-term competitiveness.

See page 30.

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 and new businesses and contribute to solving social issues, based on our extensive printing technologies and customer base.

See product photo 12-13.

	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				
Target customers	Logistics, manufacturing, retail, medical, maintenance	Brand owners of foods, beverages, and pharmaceuticals, etc.	Printing and processing companies	On-demand printing service providers
Value proposition	Display information on traceability   Add design and originality on demand			
Addressing social issues	Improve productivity and operational efficiency			
	Provide safety and security through traceability			
	Reduce waste			
	Provide a safe work environment			
	Conserve water resources			
	Provide environmentally friendly products			

Business Portfolio Transformation ② Towards Transformation in the Printing Area

Accelerate P&S Business Model Transformation\*

Even amid the harsh market environment, we will strive to strengthen profitability of existing areas in the printing business, while accelerating the shift to a business model that connects with customers, such as a contract-based business model, with the aim of achieving sales revenue of 430 billion yen in FY2024.

\* The Commercial & industrial labeling business refers only to the commercial and industrial segment of the labeling business in the P&S Business.

**Key initiatives**

**Accelerate shift in printing business model and strengthen profitability**

- Expand businesses with continuous ties to customers
  - Enhance contract-based services that respond to a wide variety of customer needs, including remote work
  - Build contact points with customers using apps of labeling equipment
- Undertake efforts that contribute to sustainability
- Maintain laser business market position
- Profit and growth of inkjet business

**Expand Commercial & Industrial Labeling business**

- Strengthen sales in auto-ID market
  - Provide simple barcode printing solution that is easy to implement for retail, logistics, and manufacturing industries
- Expand application of label printers
  - Enhance consumables and apps that are compatible with labeling applications in various situations, such as wire marking

**Sales revenue**

Year	Printing business	Commercial & Industrial Labeling business
Results of FY2022	496.7	61.7
FY2024 target	430	30

**FY2022 Highlights**

We are undertaking our transformation toward the next stage, such by as accelerating the shift to a business model that connects with customers, including a contract-based model, and expanding the Commercial & industrial labeling business. In the Printing area, we launched a flat-rate subscription service for the SOHO market, which had been launched earlier in the U.S., in Europe in FY2022. In China, we are carrying out various initiatives, including the introduction of a business model in which customers charge the number of sheets they need to print via a mobile app.

See pages 26-27.



## Vision and Medium-term Business Strategy | Medium-term strategy “CS B2024”

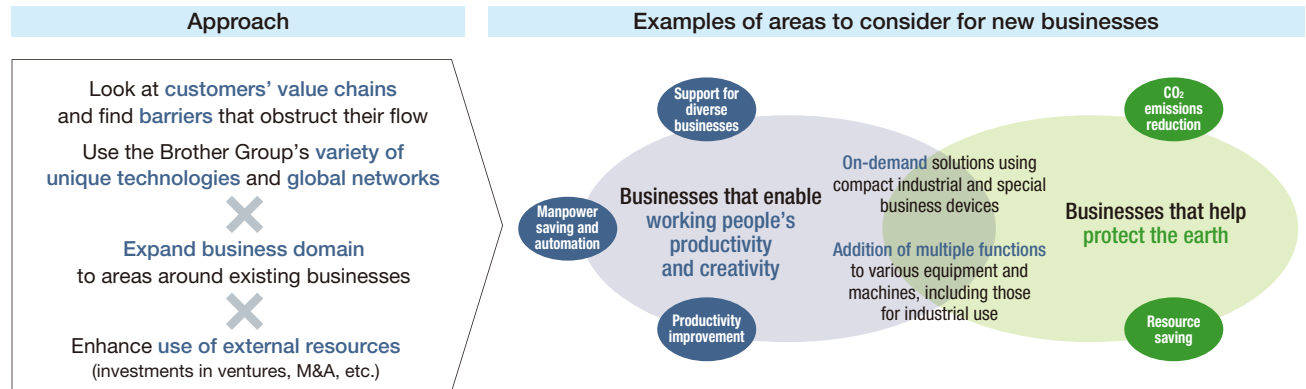


### Business Portfolio Transformation ③ Towards the Business Portfolio of the Future

#### 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.



**FY2022 Highlights**

We are advancing the evolution of printing technology and expanding its range of applications with inkjet at its core in both the industrial and consumer areas. In FY2022, we announced the development of a latex wide-format printer to be used for signs and displays. Furthermore, we are adding new functions to the “BuddyBoard” note taking application for iPad, based on feedback from customers who have actually used the application in the field.

See pages 28-29.



### 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 CO<sub>2</sub> 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.

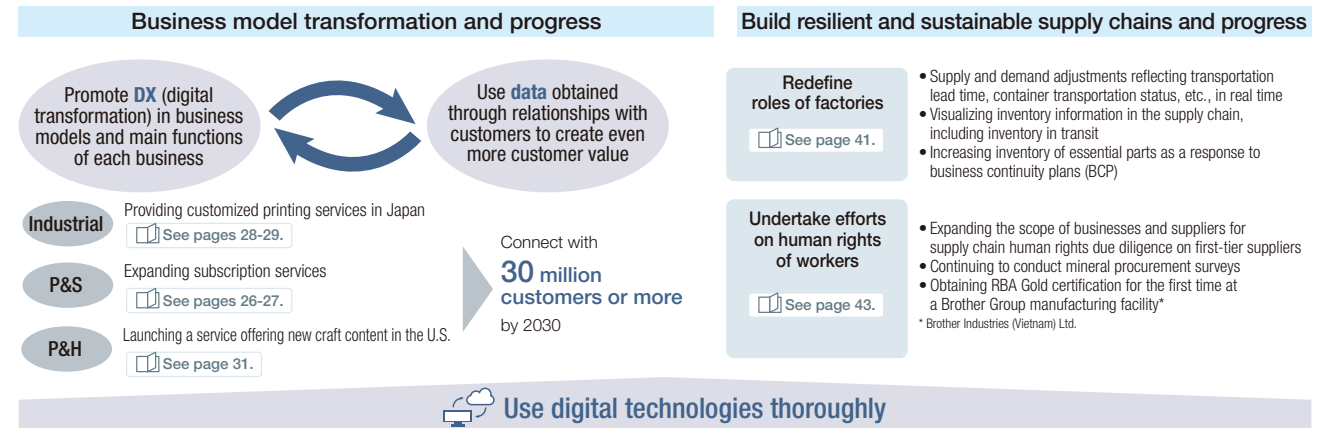
Main efforts in “CS B2024”	Progress in FY2022	2030 targets of Environmental Vision
<p><b>Reduce CO<sub>2</sub> emissions at Group facilities globally</b></p> <ul style="list-style-type: none"> <li>Promote energy-saving activities</li> <li>Conduct energy-generation activities such as installation of solar panels</li> <li>Purchase CO<sub>2</sub>-free electricity</li> </ul>	<p><b>■Reducing CO<sub>2</sub> emissions</b></p> <p>[Scope 1 and 2] Implemented energy-saving and energy-creating measures through own efforts, such as more efficient use of electricity and the introduction of solar power systems. Procured the necessary amount of CO<sub>2</sub>-free electricity accordingly, and made steady progress toward achieving the target.</p>	<p><b>Reduction of CO<sub>2</sub> emissions</b></p> <p>[Scopes 1 and 2] <b>65% reduction</b></p>
<p><b>Reduce CO<sub>2</sub> emissions in product life cycle</b></p> <ul style="list-style-type: none"> <li>Further reduce energy consumption and lengthen lifespan</li> <li>Maximize use of recycled materials</li> <li>Strengthen collaboration with suppliers for reduction of CO<sub>2</sub> emissions across the entire supply chain</li> </ul>	<p>[Scope 3] Implemented measures centered on improving the energy efficiency of new products as planned. Studied additional measures for further reduction, as it will be necessary to recover from parts supply shortages and increase production of products in the future.</p>	<p>[Scope 3] <b>30% reduction</b> (from the FY2015 level)</p>
<p><b>Promote businesses based on a circular economy</b></p> <ul style="list-style-type: none"> <li>Expand recovery and recycling of printer consumables</li> <li>Encourage product reuse</li> <li>Expand businesses with continuous ties to customers, such as subscription services</li> </ul>	<p><b>■Circulating resources</b></p> <p>Implemented measures such as using recycled materials in some products and changing to recyclable cushioning materials, and made steady progress toward the 2024 target. Going forward, consider adding measures to increase the reuse and recycling of main units and consumables.</p>	<p><b>Resource circulation</b></p> <p>Ratio of virgin materials used in products: <b>65% or less</b></p>
<p><b>Others</b></p> <ul style="list-style-type: none"> <li>Conduct tree-planting and forest conservation activities</li> <li>Invest in environment-related venture capital</li> </ul>	<p>Expanded businesses with continuous ties to customers, such as subscription services.</p>	<p><b>Biodiversity conservation</b></p> <p>Reduction of environmental impact on the ecosystem and conduct of activities to restore and conserve the ecosystem</p>

#### Enhance and Expand Connections with Customers

The Brother Group is promoting DX and leveraging data obtained through relationships with customers in each of its businesses to provide even more value to them, with the goal to “transform business models.” We are also working to further visualize and

systemize our supply chains to “build resilient and sustainable supply chains.” We will continue to enhance and expand connections with customers by thoroughly utilizing digital technology.

See pages 26-29, 31, 33, 41-43.



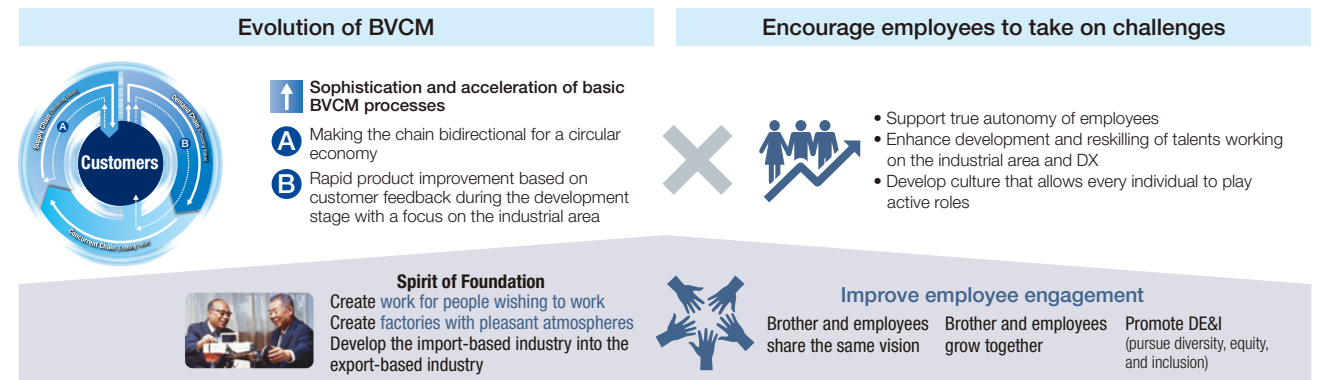
#### Foundation for All Transformations—Evolution of BVCM and Employees’ Challenges and Engagement

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>



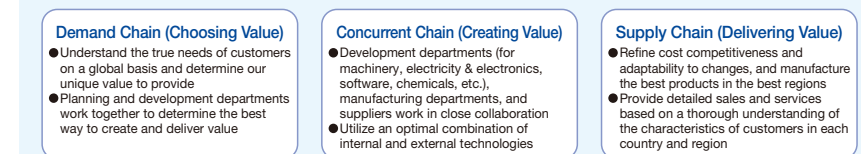
Business Model for Value Creation:

#### Brother Value Chain Management (BVCM)

BVCM is the Brother Group’s original management system that considers customer demands and expectations to be top priority and our guide for all of our business operations including product planning, development, design, manufacturing, sales, and service, and is designed to find and eliminate the barriers to customers’ success and quickly provide them with exceptional value. The Group aims to maximize the value it provides by continuing to evolve BVCM.

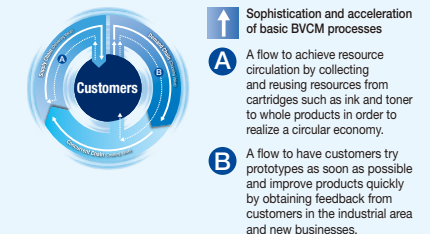
#### Advantage of BVCM

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



#### Evolution of BVCM

In order to realize the Brother Group Vision of “promotion of cyclical businesses” and “expansion in the industrial area,” we have added **A** Making the chain bidirectional for a circular economy and **B** A flow of rapid product improvement based on customer feedback during the development stage with a focus on the industrial area, to the basic BVCM process (solid white line). Along with the basic process, we will further advance and accelerate the process.



Vision and Medium-term Business Strategy | Financial Strategy



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

To accelerate “business portfolio transformation,” we will steadily make “prior investments for the future.”

Toshihiro Itou

Managing Executive Officer

Responsible for: Law, Environment & General Affairs Dept., Finance & Accounting Dept., CSR & Corporate Communication Dept., Environment & Climate Change Strategy Dept.

Under “CS B2024,” our first medium-term business strategy ending in FY2024, we have three financial policies for enhancing corporate value. They are “ROE of at least 10%,” “strengthening of shareholder returns,” and “responsibility and contribution to sustainability.”

In FY2022, the first year of the “CS B2024” period, ROE dropped sharply to 6.8% from 11.7% in the previous year due to a decrease in gross profit resulting from a change in the sales composition in the P&S Business, an increase in SG&A expenses and soaring material costs in all businesses, and an impairment loss on a portion of goodwill due to the impact of higher interest rates in the Domino Business.

I believe that the key to improving ROE is to steadily make “prior Investments for the future,” such as by increasing production capacity and strengthening the sales and service network, and accelerating the “business portfolio transformation” to improve profit. By continuing to proactively invest in expansion in the Industrial area and the transformation of the Printing area, we will transform our business portfolio into the one we aim for and

strengthen our profitability. In terms of investment, we will utilize self-funding, operating cash flow, and interest-bearing debt while remaining conscious of capital costs and the efficiency and speed of investment returns, aiming to achieve stable ROE improvement.

Regarding shareholder returns, based on the basic policy of distributing stable and continuous dividends, the annual dividend per share is set at 68 yen, an increase of 4 yen from the previous fiscal year.

For our responsibility and contribution to sustainability, we invested in initiatives to address materialities, such as the development of new products that help customers improve productivity and reduce CO<sub>2</sub> emissions, and the installation of solar panels at each of our plants and warehouses.

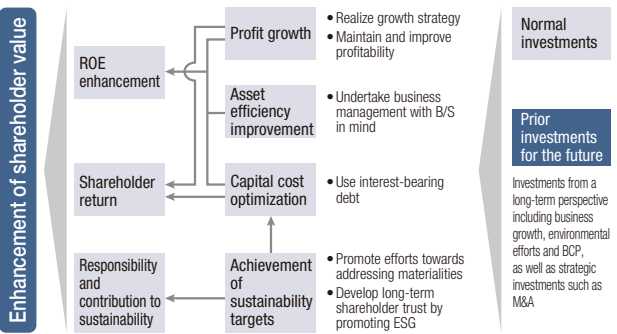
As the Executive Officer in charge of finance, I will steadily advance the transformation toward achieving “CS B2024” as well as the Brother Group Vision “At your side 2030” by realizing future growth and generating healthy profits through proactive and appropriate investments.

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

The Brother Group aims to achieve long-term and continuous enhancement of shareholder value. To achieve this, it is essential that we continue to be a company that our stakeholders support by fulfilling our responsibility and contribution to sustainability, as well as ensuring growth in sales and profits.

In our medium-term business strategy “CS B2024,” in addition to effective capital utilization and the normal investments that are necessary for business continuity, we will actively implement “prior investments for the future” with the aim of “business portfolio transformation” and “management foundation transformation for a sustainable future.” In addition to profit growth, we will promote policies such as asset efficiency improvement and capital cost optimization, enhance ROE and provide stable shareholder returns. We will also develop long-term shareholder trust by promoting ESG initiatives such as by addressing materialities.

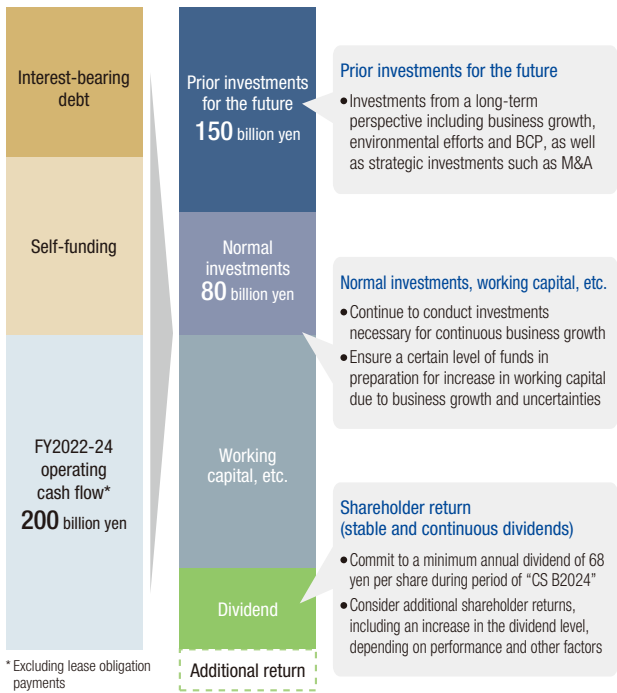
Overview of financial policy for enhancing shareholder value



Capital Policy

Our capital policy is to utilize operating cash flow and interest-bearing debt generated from business growth while enhancing shareholder returns, and to actively implement prior investments for the future, in addition to making normal investments.

Cash allocation



Prior Investments for the Future

To achieve business portfolio transformation and management foundation transformation for a sustainable future, we have established a prior investment framework of 150 billion yen.

Using this investment framework, we will make strategic investments for business portfolio transformation, such as by strengthening various functions in the industrial area and inkjet technology, as well as strengthening our facilities, M&A, etc. Furthermore, for management foundation transformation for a sustainable future, we are pursuing measures such as environmental initiatives and improving the resilience of our supply chain.

In FY2022, as one of our investments for expansion in the Industrial area, we made a decision to build a plant for our Industrial Equipment Business in India, where the market is experiencing growth. This will enable us to establish a structure so that we can deliver our products to customers in India with shorter delivery times. In addition, in order to strengthen our production foundation for industrial inkjet printers, we have established a new factory building at our Hoshizaki Factory, which began operation in January 2023. The new factory building is the first in the Brother Group to adopt a seismic isolation structure as part of its response to business continuity plans (BCP).

Toward the transformation in the printing area, a new factory building is under construction at the Philippines Factory, which manufactures inkjet printers and All-In-Ones. The new factory building will be a multi-functional factory that incorporates a warehouse function to store parts and products in order to strengthen the supply chain, enabling production to continue and shipments to be made for a certain period of time to counter logistical risks.

Shareholder Returns

During the period covered by our medium-term business strategy “CS B2024,” while actively making prior investments for the future, we will comprehensively consider maintenance of the necessary internal reserves, the status of cash flow, and other factors, to provide stable and continuous shareholder returns.

Specifically, we have set a minimum annual dividend of 68 yen per share, and will consider additional shareholder returns, including an increase in the dividend level, depending on factors such as business performance. In addition, we will flexibly carry out repurchasing of our own shares.

Understanding the Cost of Capital

●Cost of capital

In our view, the cost of shareholders' equity is approximately 7%-10%, calculated based on CAPM\*. However, since it varies depending on the timing and assumptions used in the calculation, it is taken as a range. Going forward, we will strive to reduce the cost of shareholders' equity by promoting transformation in our business portfolio while also making use of interest-bearing debt.

●ROI index

ROE has averaged 9.7% over the past five years (FY2018-FY2022) and is considered to be at or above the cost of shareholders' equity.

Our target for FY2024 is an ROE of 10%, which exceeds the cost of capital, and we aim to achieve a level of ROE that will allow us to maintain a sustainable equity spread.

●Market evaluation

PBR has averaged 1.1x over the past five years (FY2018-FY2022). However, as of the end of FY2022, PBR has remained unchanged at approximately 0.9x. We will strive to improve PBR as soon as possible by carrying out the business portfolio transformation through the improvement of profitability and the continuation of investment for growth.

In accordance with the financial policy of our medium-term business strategy “CS B2024,” we will continue to further deepen our management with awareness of the cost of capital, return on equity, and stock price in order to achieve sustainable growth and increase corporate value, thereby meeting the expectations of our stakeholders.

\* Capital asset pricing model

	Theme	Main items	Amount
Business portfolio transformation	Towards expansion in the Industrial area Towards transformation in the Printing area	• Reinforce sales and service facilities of the Industrial area • Reinforce production capacity in the Machinery/FA area • Expand inkjet development and manufacturing facilities	50 billion yen
	Towards the business portfolio of the future	• Create new businesses and technologies that help to address materialities • Evolve printing technology with inkjet at its core and expand its range of applications (activities with M&A in mind)	30 billion yen
Management foundation transformation for a sustainable future	Environmental efforts Enhance and expand connections with customers	• Factory investment for local production for local consumption of products and the realization of a circular economy • Introduction of energy-generation equipment at Group facilities • Construction of new environmentally friendly building • Supply-chain resilience (expand factories, add multiple functions) • DX investments (build platform for connections with customers, revamp enterprise system)	70 billion yen
Total			150 billion yen

Status in FY2022 \*Includes investments made outside of FY2022

	Details	Purpose/Remarks	Total Investment*
Business portfolio transformation	Hoshizaki Factory New factory building Completed	• Strengthening the industrial inkjet printer production facility to achieve expansion in the Industrial area • Brother Group's first seismic isolation structure adopted as a measure for business continuity plans (BCP)	Approx. 10 billion yen
	P&S Philippines Factory New factory building Under construction	• Accommodating an increase in product sales for the transformation in the Printing area • Strengthening measures for business continuity plans (BCP), such as warehousing parts and products to strengthen the supply chain	Approx. 8 billion yen
	Machinery/Industrial Equipment New factory in India To be constructed	• Construction of a new machine tool factory for expansion in the industrial field • Establishment of a system to deliver products to customers in the Indian market, which is expected to grow, with shorter delivery times	Approx. 2 billion yen
	Nissei New factory building Under construction	• Expanding gear production capacity to increase sales for FA and robot applications	Approx. 1.7 billion yen
	Minato Factory New warehouse To be constructed	• Responding to increased demand for storage of products and parts as business expands in the industrial area • Raised floor level as a measure for business continuity plans (BCP) to address the risk of tsunami	Approx. 5 billion yen
Management foundation transformation for a sustainable future	Installation of solar panels Addressed at each facility	• Solar panels installed at each facility, including those listed above • Contributing to the realization of carbon neutrality, one of Brother's goals, by using renewable energy sources to supply a portion of the electricity required for operations	—
	Regional headquarters for the Americas Renewal of core system Completed	• Renewing core systems and business processes as DX investments	Approx. 2.5 billion yen



# 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



**Satoru Kuwabara**  
Representative Director & Senior  
Managing Executive Officer,  
Head of Printing & Solutions  
Business Division

**Toward the final year of the medium-term business strategy, we will drive the P&S Business to achieve the quantitative targets as Brother's core business that supports its operations.**

The sales volumes of printers and All-in-Ones in FY2022 were strong compared to FY2021 as supply constraints on parts and materials were resolved. While consumables sales fell short of plan, the positive impact of foreign exchange also contributed to an overall increase in sales. On the other hand, business segment profits decreased due to a decrease in gross profit resulting from a change in the sales composition and a sharp rise in the cost of parts and materials. We will continue to expand the scale of our business while maintaining profitability by offering a competitive lineup of products. Our efforts toward the "transformation in the Printing area" set forth in "CS B2024," sales of models equipped with high-capacity ink tanks are growing steadily, especially in emerging countries. We are also sequentially launching new products in developed countries. As for commercial & industrial labeling, we have enhanced our product lineup to meet the growing demand for labels with QR codes and barcodes amid the revitalization of logistics such as e-commerce. With regard to "enhance and expand connections

with customers," another theme of "CS B2024," the number of subscribers to MPS<sup>\*1</sup>, a contract-based service for the SMB<sup>\*2</sup> market, which is being developed mainly in Europe, grew steadily. The number of countries that the subscription service<sup>\*3</sup> for the SOHO (Small Office, Home Office) market is available in is increasing in Europe, following the U.S. Toward the final year of the medium-term business strategy, the P&S Business, as the core business that supports Brother's operations, must ensure that quantitative targets are achieved. Brother's printing business has the unique advantage of being able to meet a wide variety of customer needs by utilizing its three in-house developed engines, inkjet, laser, and thermal, in a variety of ways. Brother's products are also highly regarded in the market for their compact size, high performance, and high reliability, and we will create new product lines and expand our business base in addition to these existing highly competitive products. In commercial & industrial labeling, we will provide solutions tailored to each customer in the logistics and retail industries. We will also focus on resource circulation businesses through the collection and recycling of consumables as well as building resilient and sustainable supply chains. As the business environment and social environment change toward 2030, we will first accomplish the business model transformation and provide new value by connecting directly with customers, in addition to ensuring that they continue to use our consumables. I believe that one of my roles is to facilitate the effective utilization of the knowledge, technologies, and resources we have cultivated in the printing business in the industrial printing area, and to secure a unique, one-of-a-kind competitive edge. In the spirit of "At your side," I will continue to lead the way in order to grow together with our customers, distributors, and other business partners, and to help the entire Group's printing-related business beyond ensuring the profit of the P&S Business.

<sup>\*1</sup> Managed print services: Print services for large companies that can be optimized in terms of functions and pricing plans for each customer  
<sup>\*2</sup> Small- and medium-sized businesses that include small offices, small- and medium-sized businesses, and businesses with offices in multiple dispersed locations  
<sup>\*3</sup> A fixed fee monthly subscription service

### Business Strategy (Business Policy)

#### Communications and Printing Equipment Business

- Further strengthen profitability and competitiveness as a core business that supports the Group-wide portfolio management
- Accelerate the transformation to a new business model that strengthens connections with customers

- Firmly maintain our position in the laser business market
- Grow inkjet business

#### Labeling Business

- Firmly maintain global number one position in the home and business/professional areas

- Establish connections with customers by utilizing apps for labeling equipment
- Strengthen sales in the automatic recognition area
- Expand the range of applications for industrial label printers

#### Both

- Design products and build manufacturing systems aimed at reducing CO<sub>2</sub> emissions and strengthen the resource circulation business to contribute to a sustainable society

#### 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



#### Strengths

##### Communications and Printing Equipment Business

- Product development capabilities that can meet a wide variety of customer needs utilizing three in-house developed engines: inkjet, laser, and thermal

##### Labeling Business

- Knowledge as a pioneer in the industry and product and software development capabilities that continue to meet customer needs with an extensive lineup of high-performance labels

#### 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

#### Understanding the Business Environment

##### Communications and Printing Equipment Business

- Reduction in printing opportunities due to progress of digitalization
- Changes in customers' purchasing behavior, from ownership to usage
- Accelerated distribution of office functions (acceleration of shift from centralized to distributed) due to satellite offices and remote work becoming commonplace

##### Labeling Business

- Increase in label printing demand due to expansion of e-commerce and home delivery demand
- Expansion of the market for the automatic recognition area

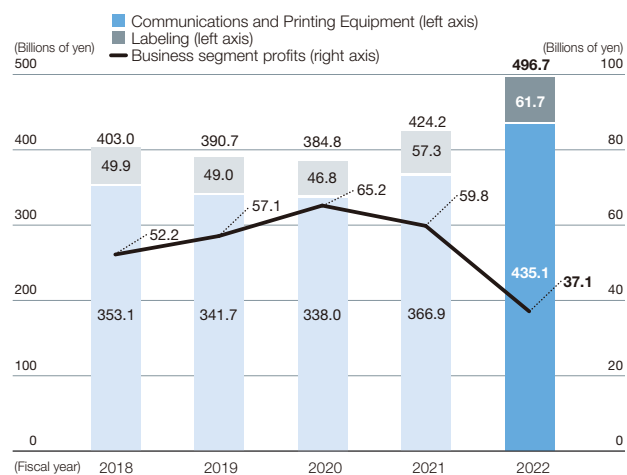
##### Both

- Expanding societal demands for sustainability, including environmental laws and regulations

### Summary of FY2022

As for the sales volume of the devices, sales of laser All-in-Ones/printers were strong compared to FY2021, during which there were supply constraints due to a shortage of parts and materials. Sales of inkjet All-in-Ones were strong due to the elimination of supply constraints and an increase in market share, especially in Asia. As for consumables, sales declined due to inventory control and other trends in the channels in Europe and the U.S.. However, overall business sales increased due to the positive impact of foreign exchange rates. In addition to strengthening the profitability of the business, we expanded our MPS service for the SMB market in Europe, and in the SOHO market, we relaunched a subscription service in Europe, which had started earlier in the U.S., aiming for transformation in the Printing area, and we are striving to shift to a business model that connects with our customers. In labeling, although the sales volume of the devices was affected by supply constraints due to material and parts shortages, the positive impact of foreign exchange rates led to an increase in sales revenue.

#### Trend of Revenue & Business Segment Profits



### TOPICS New proposals to meet diverse customer needs

As the social environment changes with increasing environmental awareness and diversifying values, demand for printing is also changing in a wide variety of ways. In the P&S Business, we offer various proposals tailored to customer needs. A cutter built into the small space within the already compact inkjet printer can automatically cut standard A4-size paper into A5-size sheets. This can cut the amount of paper and ink used roughly in half, making it an environmentally friendly printer. The desktop hot foil printing machine, which transfers foil onto text and designs printed with a laser printer, meets the need for small-quantity, large-variety production of personalized goods and can easily add a sense of luxury to paper items such as shop cards used to promote stores and product packages. We will continue to provide new value in printers and enhance our products and services to meet the diverse needs of customers.



### Solving Social Issues through Business Activities



#### Contributing to CO<sub>2</sub> Emissions Reduction and Resource Recycling

To realize the goal of "contributing to society and help protect the earth" set forth in the Group Vision "At your side 2030," the P&S Business is developing and implementing environmentally friendly products and initiatives, including energy and resource conserving products/initiatives. One such example is the collection and recycling of used toner cartridges from laser printers and All-in-Ones, which are returned to customers. In FY2023, the "TN-3512 RE" toner cartridge, which is recycled at our factory in Slovakia, became the first recycled cartridge in the world to receive certification by Blue Angel\*. By reusing cartridges and refilling them with toner, compared to producing new cartridges, we are able to achieve both effective use of resources and a reduction in CO<sub>2</sub> emissions. We will continue to strengthen our efforts to take the global environment into consideration.

\* A third-party eco-label issued by The German Environmental Agency (Umweltbundesamt – UBA) and the German Institute for Quality Assurance and Labeling

## 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



**Makoto Hoshi**  
Senior Managing Executive  
Officer, Head of Machinery  
Business Division

#### To realize the Vision, we will achieve significant growth in the Industrial Equipment Business and realize the Brother Group's business portfolio transformation

In the Industrial Equipment Business, we have introduced a series of new models in FY2022 through FY2023 to meet a wide range of processing needs with a broad lineup. In addition, we have been working to expand our sales and service facilities in the market, to become carbon neutral, and to secure talent. Industrial sewing machines are gaining customer recognition in non-apparel areas such as automobile airbags. Garment printers are experiencing a growth due to our efforts to provide a comprehensive solution for labor-saving and automation, while the adoption of garment printers by users of high-volume printing is progressing. The Machinery Business is a production materials business, so the business environment is susceptible to the fluctuations of the business climate; however, we will steadily implement measures for growth to prepare for the increased purchases expected in the future without being affected by whether the impact is positive or negative.

Below, I will provide more details about the Industrial Equipment Business, on which I am particularly focused and aiming for significant growth.

The greatest value that Brother's industrial equipment can provide is the contribution to maximizing customer profitability through high productivity. Despite being compact machines, our lineup can be selected to meet the machining needs of a wide variety of customers in the automobile market, which includes the EV-related market, and non-automobile markets, and we are taking on the challenge of expanding our machining capabilities and machining areas. In addition, our self-developed NC\* specialized in controlling Brother's machines maximizes machining speed. Furthermore, by simultaneously undertaking multiple projects, we have been able to significantly expand our lineup and develop our facilities globally: as a result of our past efforts to enhance personal development, we have had active participation of talents, utilizing the knowledge of the talents transferred from the P&S Business. The Group-wide response to realize business portfolio transformation is yielding positive results. Brother's industrial equipment consume less power by nature of their compact size and are also highly productive; however, from the perspective of reducing CO<sub>2</sub> emissions, we are developing technologies to further enhance their energy-saving performance. Brother is also developing products that will lead to various automation proposals to meet customers' needs for labor-saving and automation at manufacturing sites, which are increasing due to the decrease in the working population. We will contribute to solving these social issues through the use of Brother's industrial equipment by our customers.

In order to "Become a trusted, invaluable solutions partner" in the Industrial area, as stated in our Vision, the Brother Group will continue to work together with our suppliers in the manufacturing and sales of our products to provide value to our customers and become the market leader in small processing machines with the world's highest level of productivity.

\*Numerical control, a system in which the movement of a machine can be controlled by a computer

#### 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 CO<sub>2</sub> emissions in the Machinery Business

##### Relevant SDGs



## Machinery

#### Strengths

- Industrial Equipment Business**
  - Ability to develop products that achieve high productivity and energy-saving performance
  - Extensive lineup offering a variety of solutions to meet customers' needs
- Industrial Sewing Machine Business**
  - <Industrial Sewing Machines>
    - Product development capabilities for high-speed and high-quality sewing
    - Development of facilities that can respond to requests from customers in a wide range of countries and regions
  - <Garment Printers>
    - Achieving high productivity and printing quality supported by inkjet technology
    - Ability to provide solutions utilizing a variety of unique technologies

#### Challenges

- Industrial Equipment Business**
  - Capturing demand in the automobile market, including EV-related markets, and non-automobile markets including medical equipment and semiconductor manufacturing equipment-related markets
  - Further promotion of energy-saving performance to customers who are engaged in carbon neutrality initiatives
- Industrial Sewing Machine Business**
  - <Industrial Sewing Machines>
    - Launch of new products for the non-apparel markets such as airbags and shoes
    - Improvement of sales proposal and service response capabilities
  - <Garment Printers>
    - Product development to achieve further growth in the bulk printing market
    - Assisting productivity improvement in high-volume printing factories

#### Understanding the Business Environment

- Industrial Equipment Business**
  - Expansion of EV-related markets and markets requiring processing of complex shapes (artificial bone, eyewear, watches, etc.), as well as increased demand for equipment with high energy-saving performance
  - Acceleration of labor saving and automation driven by labor shortages and improvements in the working environment at manufacturing sites
- Industrial Sewing Machine Business**
  - <Industrial Sewing Machines>
    - Growth of the non-apparel market centered on airbags and shoes
    - Acceleration of labor saving and automation driven by efficiency improvement at production sites and in the labor environment
  - <Garment Printers>
    - Expansion of the digital printing market for clothing worldwide due to diversification of purchasing behavior

#### Summary of FY2022

##### Industrial Equipment Business

Despite the impact of supply constraints due to a shortage of parts and materials, sales increased as a result of efforts to expand the customer base in the automobile and general machinery markets by enhancing the product lineup and strengthening the sales and service structure. On the other hand, business segment profits decreased in the entire Machinery Business due to an increase in selling, general and administrative expenses and a significant increase in the cost of parts and materials, etc. We will continue our efforts to expand our customer base in the automobile and general machinery markets in FY2023 and beyond.

##### Industrial Sewing Machine Business

###### <Industrial Sewing Machines>

Although sales stagnated in the second half of the year due to a decline in investment following a decrease in the volume of orders to sewing factories, profit increased due to a steady capture of capital investment demand in the first half of the year and the positive impact of foreign exchange rates.

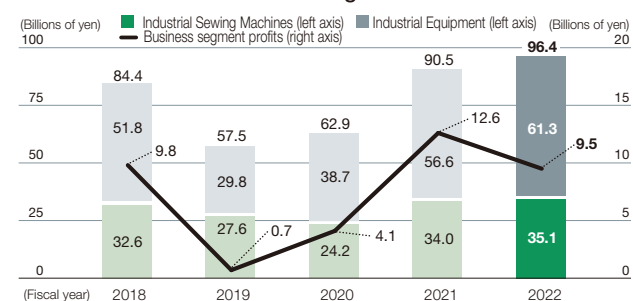
From FY2023 onward, we will expand our product lineup for the high-growth non-apparel market to further increase our market share.

###### <Garment Printers>

Despite stagnant sales of existing products due to the concerns over the economic recession, profit increased due to the effect of new products and the positive impact of foreign exchange rates.

To expand our share of the high-volume printing market, we will continue to develop new products that meet customer needs in detail and strengthen our sales capabilities by expanding our product lineup.

##### Trend of Revenue & Business Segment Profits



#### Solving Social Issues through Business Activities

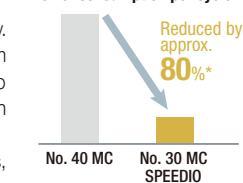
##### Contributing to CO<sub>2</sub> emissions reduction with compact size and energy-saving technology

The manufacturing sites where Brother products are delivered require both a reduction in environmental impact and high productivity. The "SPEEDIO" series of compact machining centers can machine with far less power consumption than other No. 40\* models from other manufacturers due to its compact design, as well as use various energy-saving technologies, such as power regeneration to convert kinetic energy into electrical energy for reuse, contributing to a significant reduction in CO<sub>2</sub> emissions and to achieving carbon neutrality.

In addition to the output from the products, we are also working to reduce the environmental impact of the manufacturing process, and at the Kariya Factory, where "SPEEDIO" is manufactured, we are pursuing a new initiative to obtain carbon neutral certification.

\* No. 30 and No. 40 are machine tool industry terms for the size of the tool attachment area and represent product categories

##### Power consumption per cycle



\* This is an example of operation with a machining program provided by BIL



## Business Strategy

## Domino

## Domino Business



**Strengths**

- 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

**Challenges**

- 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

Understanding the Business Environment

Continued market growth expected in both areas

**<C&M Area>**

- Increase in demand associated with population growth in emerging nations
- Increased needs for traceability among manufacturers
- Compliance with food safety laws and regulations

**<DP Area>**

- Progress in digitization in response to growing need for productivity improvements in printing factories

## 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 new areas such as corrugated cardboard printing\*

**<Both>**

- Accelerate growth in the Domino Business by clarifying synergies
- Expand the industrial printing area with inkjet-centered printing technologies
- Build resilient and sustainable supply chains

\* Printing on coated corrugated sheets

## 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.  
Support customers' waste-free production by eliminating the need for plate making and cleaning during changes, reducing waste and water consumption in the printing process.

## Relevant SDGs



## Summary of FY2022

Despite the restrictions on sales activities and disruptions in the supply chain caused by COVID-19, revenue increased in both the C&M and DP areas, with steady growth in sales of hardware and consumables, backed by the solid demand for daily necessities such as foods, beverages, and pharmaceuticals as well as the positive impact of foreign exchange rates. Business segment profits also increased. In product development, synergies from M&A were also created. In the C&M area, the new "Vx150i" thermal printer developed by Brother was launched, and in the DP area, the "N730i" digital printing machine with a print head made by Brother was launched, leveraging Brother's development foundation to enhance product competitiveness. As a result, we achieved the sales revenue target of 100 billion yen under "CS B2024" two years ahead of schedule.

In FY2023, we aim to achieve further increase in sales and profitability by expanding product sales and strengthening solutions that realize labor saving and automation.

## TOPICS Strengthening Product Capabilities in the Digital Printing Area

The "N730i" digital label printer is equipped with Brother's own "BITSTAR™" print head based on the inkjet technology Brother has cultivated over the years, achieving high-resolution and high-speed printing. This model is now being installed in our customers' manufacturing facilities. As this model does not require steps such as the plate-making process and cleaning that are necessary for conventional analog printing presses, it contributes to a reduction of man-hours and labor-saving, and its skill-free operation reduces dependence on skilled workers, making it easier to secure staff at the manufacturing site.



## 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 those packaged in cans and glass, plastic, and other containers. Retort pouch foods require inks to be resistant to heat, water, and alcohol so that this printed information is not removed by high-temperature sterilization or alcohol disinfection processes. By providing a range of inks to meet the needs of customers, the Domino Business contributes to the value creation of customers who want to provide security and safety to consumers through traceability.

## Nissei Business



Strengths

- Ability to deal with customers with finely tuned customization, high quality, and speedy delivery

Challenges

- Acceleration of market expansion of high stiffness reducers
- Reinforcement of production capacity to meet the demand of growing industries, mainly in the robotics/FA market

Understanding the Business Environment

- Growing need for labor-saving and automation in manufacturing, logistics, retail, and other industries

## Business Strategy (Business Policy)

- Capture business growth opportunities in the robotics/FA market with high stiffness reducers and high-precision gears
- Accurately meet diversifying customer needs, such as in the labor-saving and automation areas, which are expected to expand

## 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.

## Relevant SDGs



## Personal and Home Business



Strengths

- Strong brand power in the sewing and embroidery machine field, where we boast a top market share
- Product planning capability that allows for highly original products, such as machines with a built-in projector feature and Disney designs

Challenges

- Continuous pursuit of new functions and ease of use that achieve customer delight
- Promotion of new value through DX (See Summary of FY2022)

Understanding the Business Environment

- We have a high market share for sewing and embroidery machines.
- Expansion of sales modes and provision of value through platform businesses and online sales, etc.
- Business market growth due to increasing demand for customization usage, etc.

## 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 via expanded options of value provided such as abundant product and service lineups.
- Promote developing eco-conscious products and upcycling through the products

## Relevant Social Issues and Materialities

- Supporting people's value creation  
Creation of business opportunities through the support of entrepreneurship and side businesses using Brother products

## Relevant SDGs



## Network and Contents Business



Strengths

- Provide 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
- Wide range of businesses operated such as music therapy content for nursing care facilities, home karaoke, etc.

Challenges

- Rise of new competitors in karaoke apps for mobile devices
- Creation of new businesses that can become new core revenue sources

Understanding the Business Environment

- Changes in consumer lifestyle habits and entertainment in the post-COVID-19 era
- Changes in the population of karaoke participants resulting from the declining population, aging society with a falling birthrate
- Development of communication technology capable of sending and receiving large volumes of data stress-free

## Business Strategy (Business Policy)

- Advancement of new value provided in karaoke that goes beyond just singing (the "Miruhaco" service with visual content to enjoy)
- Provision of a wide variety of entertainment and learning opportunities by connecting physically separated karaoke spaces through two-way telecommunication
- Business model transformation by further creation of new businesses leveraging the network technology cultivated through online karaoke service

## 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

## Relevant SDGs



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

## Summary of FY2022

Revenue and profit increased in FY2022, driven by strong sales of reducers due to growing capital investment demand, such as increasing needs for automation in factories. Going forward, we will expand our lineup of high stiffness reducers to meet the diverse needs of customers and construct a new facility for gear processing (scheduled to start operation in FY2024), aiming to increase sales as a growth business that will play a role in the "expansion in the Industrial area" and thus in the "business portfolio transformation."

## Summary of FY2022

Despite having passed the peak of stay-at-home demand, sales revenue was on par with the previous year due to the positive impact of foreign exchange rates. Business segment profits decreased due to a change in the sales composition resulting from a decline in sales of mid- to high-end sewing and embroidery machines, as well as the impact of rising costs for logistics and parts/materials. In FY2022, "Artspira", a mobile application for crafts, was released to strengthen the connection with customers as set forth in "CS B2024." In the future, we plan to launch a subscription service for "Artspira" with significantly expanded functions and content, thereby realizing a business model aimed at increasing LTV in the P&H Business.

## Summary of FY2022

As customer traffic recovered with the easing of restrictions on outings to prevent the spread of COVID-19, sales of online karaoke equipment remained strong and store sales increased in FY2022, resulting in a significant increase in revenue and profit. Going forward, we will collaborate with various companies to develop products and services that cater to the lifestyle and entertainment preferences of consumers, who have undergone a rapid shift to online and virtual activities following the COVID-19 pandemic, in order to provide new value in karaoke that goes beyond singing, aiming to expand sales and improve profitability.

# Human Capital

■Capital status

Number of Group employees:  
More than 40,000\*1  
Percentage of overseas employees: 77.3%\*1  
Number of core DX talent :  
161 individuals\*1,\*2  
\*1 As of March 31, 2023  
\*2 BIL only

■Strengths

A global team of autonomous employees and an open organizational culture

The most important foundation for the Brother Group’s sustainable growth is its talent. The Group has made “realizing a diverse and active society” its materiality, and has established the following targets for FY2024: “improving employee engagement\*,” “encouraging the assignment of local employees to top management positions of facilities outside Japan,” and “strengthening the talent pipeline for gender balance and establishing an environment for achieving diverse ways of working.” Toward the “management foundation transformation for a sustainable future” set forth in the medium-term business strategy “CS B2024,” the Group will continue to enhance its own productivity and creativity, as well as take actions to further strengthen its human capital such as by creating a comfortable working environment for each and every employee.

\* Relationships in which employees and management are equal to each other and provide value to each other

## Efforts to Strengthen Human Capital for the Creation of New Value

### Formulation of the “Human Resource Policy” and Introduction of a New Human Resource System

The environment surrounding employees and organizations has changed dramatically through not only globalization but also shifts in society’s values and needs. Under these circumstances, it is critical to foster a corporate culture in which employees can work with even stronger motivation with the spirit of “At your side,,” for the Brother Group to continue being the company chosen by customers. To facilitate this, BIL has formulated a new “Human Resource Policy,” aiming to encourage employees to take on challenges and improve their engagement. Based on this, BIL introduced a new human resource system in FY2023 to enable all of its employees to demonstrate their full potential. The new human resource system replaces the previous position-based grading system, which placed importance on years of experience, with a role-based grading system, which places importance on the roles employees assume. The new system promotes “true autonomy and effort” as stated in the Human Resource Policy by assigning roles according to each employee’s ability and facilitating the optimal allocation of talents. In addition, by carrying the early promotion of talents who generate remarkable results and contributions, BIL realizes the principle of “properly reward achievements and contributions.” Furthermore, to promote the further success of senior citizens, BIL will incrementally extend the retirement age starting in FY2026 and shift the age to 65 for employees who will reach 60 years old in FY2029. BIL continues to develop various systems such as those described above.

Human Resource Policy:

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

### Talent Development

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

### Development of Global Talent

With its manufacturing facilities and sales and service facilities in more than 40 countries and regions of the world, the Brother Group believes that enhancing its talent development and related programs necessary for the operation of its businesses while making the most of the characteristics of each country and region will help employees to exhibit their aptitudes and skills over a long period of time. Based on this belief, the Group has put development environments and various programs in place. One of such efforts to develop global talent is the trainee program. The trainee program has been conducted since 2008 to send talents between BIL and Group companies outside of Japan for a period ranging from three months to one year. This program is designed for

young employees and is an opportunity not only to gain experience overseas, but also to gain new knowledge through experiences that diverge from their expertise, such as developers visiting customers together with salespersons to hear directly from customers about their needs and usage conditions. In addition, since FY2018, the program has also been implementing a short-term training for developers and engineers in their 20s to learn at manufacturing or repair sites outside Japan for one month. This short-term dispatch program has been providing an opportunity for developers and engineers to broaden their perspectives by learning about operations that differ from their usual scope of responsibilities to strengthen collaboration with overseas manufacturing facilities, and visiting customers to directly learn about their real challenges. These programs have been resumed since FY2022 after being temporarily suspended due to the impact of the COVID-19. Furthermore, the Group has been organizing a variety of other self-development programs, including language learning programs, for its employees to acquire the skills necessary to be active on a global scale.

### Promotion of the Assignment of Local Employees to Top Management Positions of Facilities outside Japan and Active Local Employment

The Brother Group has set “enhance talent development and governance for encouraging the assignment of local employees to top management positions of facilities outside Japan” as one of its sustainability goals to achieve one of its materiality targets, “realizing a diverse and active society.” This target has been set with the aim of further reinforcing the Group’s strength in operating its business globally by leveraging the autonomy of its diverse talent, as evidenced by its previous proactive efforts to assign local employees to top management positions of facilities outside Japan. Specifically, for the leaders of Group companies in various countries and regions, including presidents of regional headquarters, appropriate personnel have been appointed regardless of nationality, and the percentage of local employees in top management positions of facilities outside Japan has increased from 55% in 2017 to 69%\* in 2022. The Group will continue to deepen discussions on talent development and governance structures, taking into account the roles and characteristics of each facility, and promote management that balances community-based and global characteristics. Through establishing new facilities and expanding its existing facilities, the Group also contributes to the revitalization of local communities and economies by creating jobs in various regions. The manufacturing facility in the Philippines employs more than 7,000 local workers, and the two manufacturing facilities in Vietnam have created employment opportunities for more than 12,000 people in total.

\* Including Domino-related companies

## TOPICS We Will Reinforce Brother with DX to Achieve “Business Portfolio Transformation”



**Tadashi Ishiguro**  
Representative Director & Vice President  
Responsible for: MIS Dept., New Business Development Dept.

Toward the “business portfolio transformation” and the “management foundation transformation” to support it, as stated in our medium-term business strategy “CS B2024,” we are working on transforming our business models and building resilient and sustainable supply chains to “enhance and expand connections with customers.” I believe that thorough utilization of digital technology is essential to realize these goals. To this end, we are carrying out our DX strategy to bring about further transformation going beyond business digitalization, which improves efficiency by replacing existing operations with digital technology and IT, through the use and analysis of data.

For example, we will accelerate the creation of new businesses, such as by achieving aftermarket revenue growth and contract-based business expansion by deepening customer relationships through IoT-based services, or maximizing LTV by continuously providing value to customers through interactive applications, services, and products. As for supply chains, we will use DX to further visualize and systematize supply chains to prepare for any risks that may spread globally, such as geopolitical risks, reemergence of infectious diseases, and the resulting disruption of international logistics.

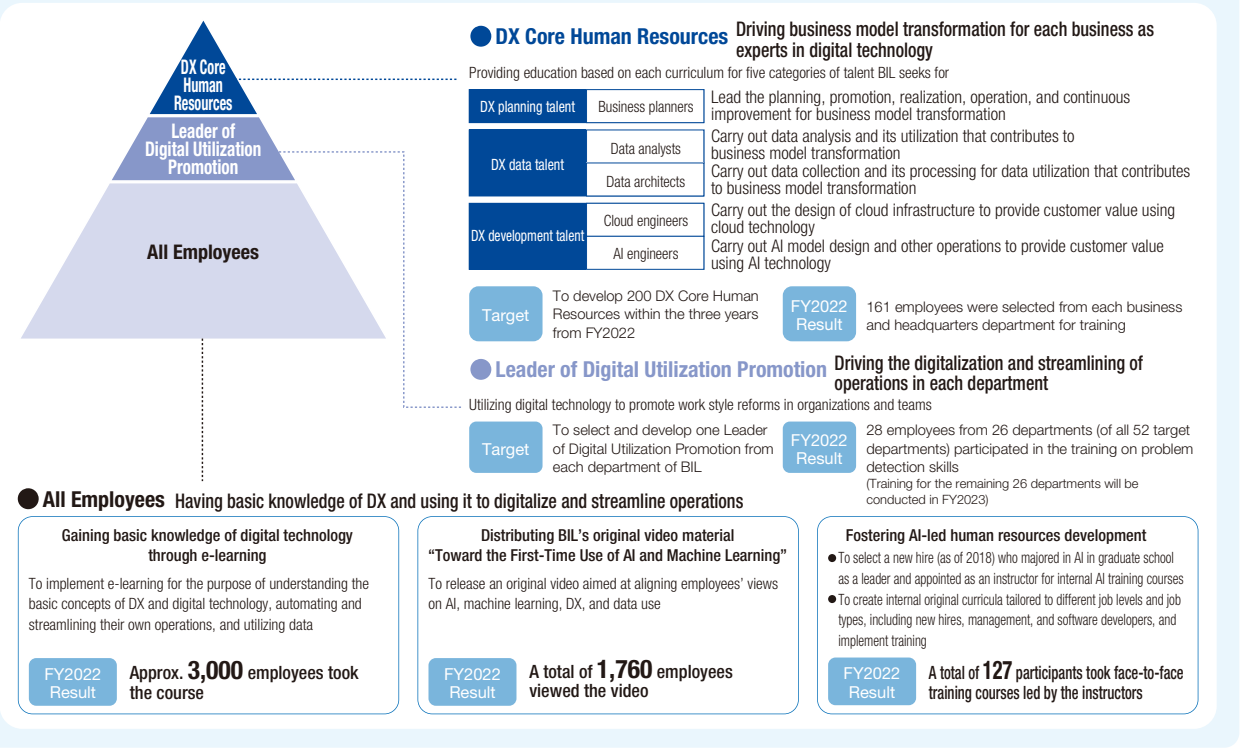
To accelerate these DX strategies, it is essential to have DX talents who can devise and implement mechanisms. BIL develops DX talent and takes an approach with three levels for employees to acquire solid skills for DX. The first level is to develop DX Core Human Resources who lead DX in each business; the second level is to develop Leaders of Digital Utilization Promotion who lead each department; and the third level is to provide education for all employees to acquire basic DX knowledge.

I would like to see as many employees as possible become talents that can use the knowledge they gain about digital technology and IT by speeding up and automating their own work, thereby increasing the number of opportunities for them to succeed in their roles as essential talents. Furthermore, as the number of DX talents increases, more employees will be able to work more efficiently and devote more time to creative tasks. I believe this will allow employees to have more time to spend on new projects or tasks they want to try, enabling them to further develop themselves and provide more value to customers. We will continue to make steady progress in developing DX talents to realize “CS B2024.”

### Policies for Developing DX Talents

BIL is carrying out DX talent development as part of its DX strategy for “DX infrastructure building” to realize the “management foundation transformation for a sustainable future” set forth in “CS B2024.”

DX talent development takes an approach on three levels: DX Core Human Resources for driving business model transformation for each business as experts in digital technology; Leaders of Digital Utilization Promotion for driving the digitalization and streamlining of operations in each department; and providing all employees with education to acquire the basic knowledge of DX.





## Human Capital

### Toward a Healthy Gender Balance in Management

BIL has formulated an Action Plan to Support the Success of Women and aims to increase the number of women managerial positions from 52 as of March 31, 2023 to more than 60 by the end of FY2025, and the number of female candidates for potential managerial positions to more than 100 by the end of FY2025. From a talent development perspective, BIL is supporting the growth of employees regardless of gender; however, for an adequate gender balance in managerial positions, BIL holds roundtable discussions introducing the careers of female managers in the Company, invites experts to give lectures, conducts career training with female employees outside the Company, and provides opportunities for outside counseling to further develop potential female managers. In FY2022, BIL held two training sessions for female leaders to remove concerns that female employees who aspire to fill managerial positions may have about balancing life events and career advancement, and to increase their confidence and motivation, and 45 employees participated in the sessions. BIL will continue to promote diversity to create an organization in which diverse talents can succeed.

#### Metrics and Targets:

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

\*BIL

See Medium-term Business Strategy “CS B2024” – “Sustainability Targets and Progress,” page 19

Promoting the Appointment of Women to Managerial Positions

<https://global.brother/en/sustainability/social/diversified#d03>

### Development of the Foundation to Support Human Capital

### Creation of an Environment That Enables Diverse Work Styles

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

BIL has also introduced systems related to short-time working and leaves of absence to enable employees to balance work with childcare and nursing care. In FY2022, BIL provided all employees with e-learning on the revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members to encourage male employees to take childcare leave. In addition, BIL conducted a questionnaire survey of male employees who have taken childcare leave and announced the results internally to promote understanding among employees who are considering taking childcare leave, their colleagues, and superiors, and to create a culture in which taking childcare leave becomes a natural choice for employees. As a result of these efforts, 67% of male employees took childcare leave in FY2022, up from 57% in the previous year.

\* A time period during which all employees must work

Data Regarding Users of Systems for Supporting Work-Life Balance

<https://global.brother/en/sustainability/social/workplace#w04>

### Improving of Employee Engagement

In order to realize the transformation required to achieve the Brother Group Vision and to encourage employees to take on new challenges, the Brother Group has made “visualize employee engagement at the global level and improve engagement survey scores” one of its materiality targets for FY2024, aiming for a relationship in which employees and the Company are equal to each other and provide value to each other.

In addition to an employee awareness survey that has been conducted annually since 2008, BIL conducted a new employee engagement survey in FY2022. The results of the survey revealed that about half of the employees felt “support for their growth” from the organization, with a high level of “alignment with the organization” and “sense of contribution,” indicating that engagement was high overall.

Alongside activities to share the Brother Group Global Charter, the Brother Group plans to improve engagement across the Group by implementing initiatives to enhance the quality of each employee’s target setting and to promote self-directed career development, as well as by promoting a global engagement survey.

#### Metrics and Targets:

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

See Medium-term Business Strategy “CS B2024” – “Sustainability Targets and Progress,” page 19

### 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 of time. 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. BIL has also built a health and productivity management promotion structure led by the President of BIL, who serves as chief health officer (CHO). Under this structure, BIL, the labor union, and the health insurance society collaborate with each other, strategically addressing the maintenance and promotion of the physical and mental health of employees. BIL is also implementing initiatives aimed at resolving health issues for its diverse talent, such as holding health-related seminars for women and implementing measures tailored to the issues faced by different age groups. As a result, in 2023, BIL was selected as one of the “White 500” enterprises under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the seventh year in a row.



“Healthy Brother 2025”—a set of long-term targets for employee health

<https://global.brother/en/sustainability/social/health#data>

## Human Capital | Vision Round Table



## Promoting and Realizing the Brother Group Vision “At your side 2030”

To realize the “At your side 2030” Vision, Brother Group promotes the Global Charter, which serves as the foundation for all Brother Group activities, and the Vision with its approximately 40,000 employees around the world, encouraging activities that enable employees to put them into practice in their daily operations. In FY2022, more than 4,600 face-to-face dialogues between management and employees were conducted, Global Charter promotional leaders were appointed at each facility and department (504 appointed in FY2022), and discussions for personalizing the Vision were carried out (a total of 8,200 employees participated in FY2022). In this roundtable discussion, six BIL employees discussed how they interpret the Vision, how they approach it in the field, and their future plans for realizing their own goals. (Conducted in August 2023)

### Personalizing the Vision

**Yang:** I am involved in activities to promote the Vision globally in the department responsible for communicating information both inside and outside the company. In today’s roundtable discussion, we would like to discuss how each of us is working to realize the Vision, the results of such efforts, and the challenges we face in the process. First, please describe the connection between the Vision and your responsibilities.

**Matsumoto:** I am involved in product development for label printers in the P&S Business. What I keep in mind regarding the connection between the Vision and my work is to directly

address customer feedback. To ensure that not only our sales staff but also our development staff advance product development upon directly receiving customer feedback, we have been working with the sales staff of our domestic sales facility, Brother Sales, Ltd. (Brother Sales), to find and eliminate barriers for our customers for the past three years.

**Yasui:** The “SPEEDIO” machine tools, for which I am in charge of sales, are also called “mother machines” because they can produce various parts by cutting materials, and because these machines are used for a long period of time, it is essential to build long-term relationships of trust with customers. For that reason, we constantly share the mission of “becoming



Human Capital | Vision Round Table

a trusted, invaluable solutions partner in the Industrial area,” as stated in the Vision, among our team members, and act accordingly on a daily basis. For example, to accurately understand various issues in our customers’ manufacturing operations, we try to make sure to physically visit our customers based on the 5-Gen Principle (onsite, actual product, mechanism, principle, and reality).

**Takahashi:** I am engaged in the development of machine tools. In the Industrial Equipment Business too, we focus on activities in which our development staff meets directly with customers and consults with them about their issues. I believe that by understanding the deeper underlying issues, and not only the superficial problems, we can develop products that can solve the barriers faced by customers.

**Hattori:** After being involved in software development for All-In-Ones in the P&S Business, I now work in the development



Yuka Hattori  
IDS Development Dept., P&S Business Division

of new inkjet-related products. Last year at Brother Sales, I experienced a sales job and gained a lot of insight through dialogue with customers. As indicated in “Our Purpose” in the Vision, I work on development to eliminate customers’ barriers with new products with a strong desire to focus on their needs and continue to enable their productivity and creativity.

**Sato:** After working in the development department for inkjet printers, I am now a member of the global service team in the Domino Business Office, responsible for launching new products. As the Global Charter promotional leader of the department, I am promoting activities to spread the Vision, and in order to find the connection between the Vision and our daily operations, I undertook an activity to consider our own team vision. Figuring out our team vision based on the Brother Group Vision and then incorporating it into my own vision has helped me gain a clearer sense of the connection between my own work and the Vision. Using the word “people” in the Group Vision, our team vision was defined as “To make all people involved in our business happy by continuing to provide products, services, and solutions.” By using our own word “happy,” we make the Vision more accessible, and we always try to put it into practice.

Supporting People’s Value Creation

**Yang:** “Supporting people’s value creation” is one of the materialities. What efforts are you making to address this materiality in your own work?



**Hattori:** When we visited a dispensing pharmacy and received many requests regarding All-In-Ones, one of the requests was a function to automatically stop receiving faxes when in-store staff were not present. At first, we did not understand the reason for this; however, upon hearing about the work process from the pharmacist and seeing how it was handled in the store, we realized that they were trying to ensure the protection of personal information since the store was located near a shopping center and had a lot of people passing by. Based on this understanding, we proposed a solution and were able to satisfy the customer. This helped me understand the importance of knowing the true nature of the customer’s problems based on a thorough understanding of the customer’s work process. I experienced firsthand that the perspective of Brother supporting pharmacists in handling patients, who are the customers for pharmacists, leads to “supporting people’s value creation.”

**Takahashi:** With the growing demand for electric vehicles, the needs of automotive parts manufacturers for machine tools are changing as parts become more diverse and complex. With the mass processing of the same automotive parts on a single machine tool decreasing, customers were faced with the need to machine a variety of parts instead, and the challenge was to find a way to accommodate flexible process changes and machining of varying types and quantities. One of the solutions Brother came up with to solve this customer barrier was to increase the number of tools mounted on the machine tool. In the new “SPEEDIO” model that I was involved in developing, the maximum number of tools that can be stored has been increased to 28, while maintaining compactness. This number of tools is sufficient for parts that require multi-face machining, contributing to the integration of the production processes. Although we faced some difficulties in the development and design stages, we overcame them with a strong desire to find and eliminate barriers for our customers and to become their “invaluable partner.”

**Sato:** In the printing industry, it often relies on the skills and experience of craftsmen to produce printed materials with high precision using analog printing presses, and passing on the skills of experienced workers has become an issue. Brother’s digital printing equipment pursues a skill-less operation, and we believe that it can contribute to solving the issues of transferring skills and retaining operators. We have also received feedback from customers that the increased productivity using Domino products has directly contributed to their profits, such as reduced outsourcing costs as they are now able to do post-processing themselves.

Developing Talent Capable of Eliminating Barriers

**Yang:** I believe it is really difficult to find the barriers that are preventing a customer’s success. Not only do we need to know the customer’s on-site situation well, but we also need to be able to explore with the customer what they are unaware of. I would like to ask two members of management how you develop talented staff who can find barriers.

**Matsumoto:** My development team thoroughly practices working together with Brother Sales to create opportunities for firsthand



Haruki Matsumoto  
Professional Engineer (Brother)  
Labeling & Mobile Solutions Development Dept.,  
P&S Business Division

observation of the customer’s worksite and the problems that they are experiencing. We then proceed through a four-step process of “learning the barrier,” “accumulating information,” “developing solutions,” and “testing them.” We try to identify issues that the customers themselves are unaware of in the process of learning, and then find solutions to them, and immediately test them. When we visit a customer, we bring label samples that we think will contribute to the customer, based on an in-depth understanding of the process and the environment in which the label will be used. Even if we initially receive a score of 50, the customer’s evaluation of our product will increase as we receive feedback and continuously make improvements. Customer satisfaction directly leads to a sense of fulfillment for the development staff, giving them a sense of accomplishment and confidence. I tell my team members that the attitude and actions of actively trying to learn about the customer, rather than passively doing so, are important.

**Yasui:** From a sales perspective, there are three things that we are implementing to develop talent that can eliminate customers’ barriers. The first is the spirit of “At your side.” and

to always ask ourselves whether we are conducting our daily operations in accordance with this spirit. Because the sales department has targets, we tend to focus on the numbers in front of us, but it is sometimes more helpful to put ourselves in the customer’s shoes and propose other companies’ products to the customer. I tell my team members that we should make proposals that lead to long-term trust with the customer, and that it is okay for salespeople not to sell products. It is also important to visit the customer and see the actual product. The second is to learn more about the customer than the customer knows about themselves by seeing the actual worksite and product, and to then come up with a solution to the problem we learn from the customer. The third is to quickly propose a solution to the customer and have them try it out. By having the customer try various solutions, such as replacing one part or using a new tool, based on a hypothesis you have developed, you will be able to eliminate potential barriers. Our goal is to develop talents who can quickly rotate the cycle of in-depth consideration of “why” and trial-and-error from the customer’s point of view. While there are naturally failures in new attempts, the more problem-solving tools we can utilize, the more likely we are to succeed at the next opportunity.

**Yang:** I believe that Brother’s unique technologies are also necessary to eliminate barriers for our customers. What initiatives are you taking to improve technical capabilities that can eliminate barriers?

**Takahashi:** In the development of industrial equipment, we place a strong emphasis on working not only with the department in charge, but also with Brother as a whole. When tackling a new theme, we solicit ideas from a wide range of employees. Promising ideas are first reviewed by the entire development department, and then reviewed from various perspectives with members from other departments. The feedback obtained from this process is used to promptly develop and improve products. In the process of developing ideas, we value an atmosphere in which each member can freely say what they think, regardless of career or age.



Keiya Takahashi  
Machine Tools Development Dept.,  
Machinery Business Division

**Yang:** In other words, it is important for Brother as a whole to be responsive and diverse in order to improve its technological capabilities. Speaking of Brother as a whole, Domino has been a member of the Brother Group for about eight years now, and



Human Capital | Vision Round Table

the global network is one of its strengths. In what situations do you feel the unity of the team?

**Sato:** With the latest Domino brand digital printing equipment, I feel that our sense of unity as a team has been strengthened

as we work together on the installation of the equipment at the customer's factory. When we went to Korea to install the first machine in Asia, Brother engineers familiar with Domino technology made pre-operational adjustments which allowed the machine to

operate without any problems, much to the delight of our local customers and Korean sales representatives. This was truly an instance in which I experienced the sense of oneness that Brother has.

**Yang:** Persistent communication and the sharing of successful experiences across regions and departments are essential to building a relationship of trust. Interactions between different departments are also very active in order to gain the customer's perspective. How do you apply your experience of going from the development department to the sales facility?

**Hattori:** What I tried to do while working for the sales facility was to have respect for everyone. Since I was in charge of development, I understood development, but my knowledge of sales and marketing operations was limited, so I tried to communicate with them in a more respectful manner. As a result, members of the sales facility took an interest in development and technical information and provided us with additional information, allowing us to work together while leveraging each other's expertise. The experience of working together with the sales facility in handling customers and bringing out the strengths of each other across different fields is still very useful now that I am back in the development field.

**Yang:** One of the Codes of Practice in the Global Charter is to "act with trust and respect," and your story reminds us that respect is the foundation of teamwork.

Product Development That Helps Protect the Earth

**Yang:** To help protect the earth, "reduction of CO<sub>2</sub> emissions" is identified as a materiality. What steps are you taking to address important social issues?

**Takahashi:** "Reduction of CO<sub>2</sub> emissions" has become a major theme at our customers' production sites, and in the design of the "SPEEDIO" series, we pursue further energy-saving performance along with high productivity. For example, the NC device\*1 that controls the machine has been developed in-house, enabling efficient movements such as simultaneous replacement of tools and transfer of parts, thereby reducing machining time. And the reduced time contributes to reduced power consumption. In addition, since the parts that make up the machine body are standardized through modular design\*2, we believe that Brother's strength also lies in its ability to quickly deploy new technologies with high energy-saving performance in models that use common modules. The "SPEEDIO" series originally boasted industry-leading energy-saving performance, yet the new "U500Xd1" model, which I was involved in the development of, achieves even higher productivity and energy-saving performance by consolidating production processes so that machining that once required multiple machines can now be done with only one machine.

**Yasui:** Machines equipped with Brother's latest control devices come with a feature that visualizes the amount of

power consumed per machining cycle on the display as a standard function. The breakdown of power consumption, whether it is consumed during machining or by peripheral equipment, is analyzed and displayed in a graph. We have had positive reports from customers using this function who have been able to reduce power consumption by 80% compared to the previous system by using Brother machines to visualize power consumption and identify areas that need to be addressed. Brother as a whole is supporting customers in eliminating barriers by leveraging its strengths in compactness, energy-saving, and high productivity.

\*1 NC: Acronym for numerical control. NC software is a program that controls the path of the tool to the workpiece and the work process required for machining, etc., by giving numerical commands.

\*2 A method of designing a product by designing some parts or functions (modules) of a whole system in advance and combining them.



Realizing the Vision

**Yang:** President Ichiro-san\* states in his message to employees, "Let's create value for our customers and society." To realize the Vision, what kind of value would each of you like to create in order to contribute, and what expectations do you have for the Company?

**Hattori:** I want to contribute to the realization of the Vision by creating new value through the development of new printing products. My goal is to gain an in-depth understanding that extends to the customer's value chain, and to eliminate barriers by proposing Brother printers and new products to customers who may not yet be aware of the barriers that are preventing their business success. Today's roundtable discussion gave me a lot of insight into the value chains of customers outside of the P&S Business, and I hope that more information sharing across departments will take place on a regular basis.

**Matsumoto:** The sense of accomplishment that we feel when we contribute to eliminating a customer's barriers and when they are pleased with our work is a great motivation to take on new challenges. I believe that we can build a strong organization if we can share this feeling with the entire team. As a developer, I feel that it is essential to firmly connect Brother's technology with customers and become a Brother that customers want to consult with, and I will put this into practice with the entire team in order to realize the Vision. In addition, we need talented staff who can break through and have the ability to take bold actions to get to know our customers better. I look forward to seeing the number of people with the spirit of "At your side." who know their customers well increase throughout the Company.

**Yasui:** Although I am in a middle management position, I believe that I must have the mindset of top management. As the chief manager of a team, I always consider how each member of the team can positively take on challenges to achieve our goals, and I try to act accordingly. I want to contribute to the realization of the Vision by enhancing our ability to create value in cooperation with related departments beyond my own team. I believe that the key to realizing the Vision is to have as many employees as possible feel an overwhelming sense of ownership toward the Vision. I would like to see more opportunities for employees to have the attitude of "It is my responsibility, not someone else's."

**Takahashi:** In its "Environmental Vision 2050," Brother has formulated a medium-term target for FY2030 to reduce Scope 3 emissions (C1, C11, and C12) [See page 22.](#), which emit particularly significant amounts of CO<sub>2</sub> in the value chain,

by 30% compared to the FY2015 level. Many of our customers have also set their own CO<sub>2</sub> reduction targets for their own manufacturing processes and have high expectations for the improved energy-saving performance of "SPEEDIO." I believe that greatly exceeding these expectations will contribute to the realization of the Vision. Although I have been with the Company for 10 years, I am a project leader in the product development of "SPEEDIO," and I feel a sense of growth by being able to take on challenging work at a young age. I would like to see the Company promote more and more young people to positions of responsibility and develop many talents with a strong sense of ownership.

**Sato:** With a strong belief that the growth of the Domino Business will lead to the achievement of the Vision, I would like to play a dynamic role on a global scale with the perspective over the entire business. I believe that the growth of each employee is important for improving corporate value, and I feel it is essential for them to learn basic knowledge of management early on. In doing business globally, knowledge of management as a common language and the ability to think logically are important. I sometimes think to myself "I wish I had known this earlier." I believe that increasing opportunities for employees to learn about management, even as a tool to make decisions more convincingly, will build a strong organization with a sense of unity and help us to achieve the Vision.

**Yang:** After listening to your comments, I am very encouraged by the fact that you have made the Vision your own and are putting it into practice. In order for all Brother Group employees to act as one, I would like us to put more effort into activities to promote the Vision, such as increasing opportunities for discussions like the one we had today.

\*The way employees address President Ichiro Sasaki within Brother. The culture of referring to people by "san," rather than by their titles, has taken root.

[See "Profile of Ichiro Sasaki" on page 09.](#)





Intellectual Capital

■Capital status

Research and development expenditures: 45.4 billion yen

Number of patents owns worldwide: approx. 30,000

Number of design rights owns worldwide: approx. 3,000

\*FY2022 results

■Strengths

A variety of unique technologies

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

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

In 1908, the Brother Group started out in the sewing machine repair business, and by leveraging its product knowledge gained through sewing machine repairs, it succeeded in the mass production of domestic home sewing machines in 1932. After this, the business was diversified into typewriters and home appliances, leveraging the press-molding and precision-processing technologies gained through the development and manufacturing of sewing machines. Furthermore, by combining the motor and electronic technologies cultivated in the process, the Group has been able to provide customers with a variety of unique products for both consumers and industrial applications, including machine tools and communications and printing equipment. Going forward, we will continue to strengthen our technological foundation to achieve expansion in the Industrial area and transformation in the Printing area as outlined in the medium-term business strategy “CS B2024.”

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

Decade	Base Product / Technology	New Products / Businesses
1980s	Content distribution technology for the PC software vending machine “TAKERU”	Online karaoke systems for business use
1990s	Information and communications technology for fax machines Electrophotographic technology and inkjet printing technology for printers	Compact All-in-Ones
2000s	Inkjet printing technology for home printers	Garment printers

Measures to invest in and strengthen intellectual capital

To realize “At your side 2030,” the Brother Group is conducting research and development aimed at transforming its business portfolio. We are working to develop a variety of proprietary technologies to create the products and services desired by our customers. In FY2022, the Brother Group as a whole invested approximately 45.4 billion yen in R&D. These efforts led to the launch of products such as inkjet printers with the newly developed “MAXIDRIVE” inkjet print head and new machine tools “SPEEDIO” that achieve high productivity. To support these businesses, we are strengthening activities to obtain and utilize intellectual property rights such as patents, utility models, designs, and trademarks while appropriately combining them. In addition, as part of our efforts under (3) business portfolio of the future of “CS B2024” [See page 22.](#) , we have concluded a partner roundtable agreement with the Nagoya Institute of Technology through 2025 to promote the creation of new technologies and new businesses by strengthening collaboration with external parties. Other efforts include the ongoing development of talent for intellectual property. We provide developers with training opportunities to deepen their knowledge of intellectual property according to their levels. We also provide

intellectual property department personnel with professional education programs extending over several years.

Approximately 30,000 Patents Worldwide

The Brother Group engages in obtaining intellectual property according to the situation of each business area. For example, in the Industrial Printing area, we support the advancement of our business by actively obtaining patent rights for inkjet-related technology, which is one of our fundamental technologies. In the Printing area, which is an industry of a large number of patents, we have been continuing activities to hold a considerable number of valuable patent rights in order to increase profitability and maintain our advantage in the industry. We also conduct strategic intellectual property activities to obtain patent rights to establish a competitive position against competitors, by identifying promising technologies through collaboration between the development and intellectual property departments. In February 2023, “Clarivate Top 100 Global Innovators 2023” was awarded to Brother Industries, Ltd. for the sixth time by Clarivate, a U.K.-based company, as an organization standing at the top of the global innovation ecosystem. The Group also utilizes our own intellectual property rights in various ways. For example, we may issue warnings or enforce our rights against infringements. Meanwhile, the Group respects the rights of third parties, and therefore conducts diligent research especially when developing new products to ensure that any product or service does not infringe on any intellectual property right of others.

Status of Patents	
No. of published patent applications in Japan	1,197 (FY2022)
No. of patents granted in Japan	853 (FY2022)
No. of patents granted in the U.S.	626 (FY2022)
No. of patents Brother owns worldwide	Approx. 30,000 (as of March 31, 2023)

Column

Supporting the value that Brother offers through design and other expertise

The Brother Group demonstrates its design expertise in all aspects of “BVCM” [See page 23.](#) with the spirit of “At your side.” to provide superior value to customers in a wide range of areas, including exterior design that matches product characteristics, usability, and the customer experience from product recognition to use. We also protect designs created through the utilization of design technology as Brother’s unique assets by registering them.

The results of these efforts have been highly evaluated externally as evidenced by the design awards received. More than 200 Brother products have been selected for the GOOD DESIGN AWARD, Japan’s design evaluation and recommendation system. Brother has also won a cumulative total of 88 awards at the German iF DESIGN AWARD, which has the longest history and most influential international awards in the world. In FY2022, the “SPEEDIO Xd1” series was highly evaluated for its exterior design suitable for machine tools, user-friendly operation panel, and the consistent look throughout the Xd1-series, receiving the iF DESIGN AWARD for the first time for our industrial equipment product. We will continue to pursue design and provide superior value based on the spirit of “At your side.”

Manufactured Capital

■Capital status

Global manufacturing facilities: 27 facilities\*<sup>1</sup>

Capital expenditures: 43.8 billion yen\*<sup>2</sup>

\*1 As of March 31, 2023

\*2 FY2022 result

■Strengths

Highly cost-competitive and flexible global manufacturing system

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

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

Amidst increasing uncertainties in the external environment, including natural disasters and geopolitical risks, the Brother Group is promoting initiatives to accomplish “building a resilient and sustainable supply chain” as stated in “CS B2024.” One of the main manufacturing facilities in the P&S Business, BROTHER INDUSTRIES (PHILIPPINES), INC., is constructing “Plant No. 3” to be completed in January 2024 for increased production capacity in preparation for further increases in product sales. Plant No. 3 will enable the production of not only selected products but also various types of printers and All-In-Ones to flexibly meet customers’ needs and production plans in accordance with potential changes in the business environment in the future. It will also combine a warehouse function to store parts and products, enabling the continuation of production and shipments for a certain period of time in the event of logistical risks. At “Plant No. 13,” which was completed in January 2023 and is located within the Hoshizaki Factory in Japan (Nagoya, Aichi), we are strengthening our production foundation for consumer and industrial inkjet printheads and related components. Plant No. 13 will enable efficient production by consolidating the production processes of critical components that were previously dispersed across multiple facilities. In addition, as part of its business continuity plan (BCP), it is the first Brother

Group building to adopt a seismic isolation structure. Through these measures, in addition to strengthening the profitability of the P&S Business, we will achieve the goal of “enhancing the industrial inkjet technology foundation” set forth in “CS B2024.” Furthermore, the Brother Group is also promoting activities to diversify parts suppliers to prepare for the risk of supply chain disruptions. The Brother Group will continue its efforts to build resilient supply chains.



Completed Hoshizaki Plant No. 13

Strengthening Manufacturing Facilities to Achieve Significant Growth in the Industrial Equipment Business

The Brother Group is strengthening its manufacturing system to achieve the “strengthened supply capability” set forth in “towards expansion in the industrial area” of “CS B2024.” India has a population of over 1.4 billion people, and with continued population growth and economic growth, a large market expansion is expected, especially for automobiles and motorcycles. Therefore, the Brother Group is constructing a new plant in India, which will be the third manufacturing facility for machine tools, following those in Japan and China. By manufacturing in India, we will be able to deliver products to customers in India with shorter delivery times going forward. The new plant is scheduled for completion in September 2024, with production scheduled to begin in December of the same year. In addition, in order to meet the increased demand for storage of related products and parts, which is expected to grow in view of “expansion in the industrial area,” we have decided to construct “Minato Warehouse No. 2” at the Minato Factory of BIL, which is scheduled to be completed in November 2025. Upon completion, in addition to meeting the increased storage demand of the Machinery Business,

we plan to transfer the functions of the distribution center located in Minami-ku, Nagoya, to the new facility to improve the efficiency of warehousing and logistics operations for the entire Group in Japan. The Brother Group will continue to expand its production functions in order to expand its business in the Industrial area.



Image of the exterior of the new plant in India



Social and Relationship Capital

■Capital status

Number of consolidated subsidiaries: 106 companies\*1

Number of countries and regions supplied with Brother products and services: More than 180\*2\*3

\*1 As of March 31, 2023

\*2 As of June 2023

\*3 Countries or regions with Brother sales facilities or authorized Brother agents

■Strengths

Global customers and business partners that we grow together with

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

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

Trusting Relationships with Stakeholders Based on the Global Charter

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

Efforts to Build Long-Term Trusting Relationships with Stakeholders

Stakeholders	Brother Group Global Charter		Effort Examples
Customers	<ul style="list-style-type: none"><li>Place our customers first everywhere, every time, and provide them with superior value, by quickly creating and delivering high-quality products and services</li><li>Quickly respond to the demands and expectations of the global marketplace</li></ul>	<ul style="list-style-type: none"><li>Provide products and services that based on customer opinions</li><li>Expand businesses that connect with customers</li></ul>	<div>📄 "Value" Chain Starting with Customers</div> <a href="https://global.brother/en/sustainability/csr/value/customer">https://global.brother/en/sustainability/csr/value/customer</a>
Employees	<ul style="list-style-type: none"><li>Respect diversity, provide a working environment that enables our associates to utilize their talents and abilities to the fullest, and give them great opportunity through challenging work assignments</li><li>Provide our associates with fair, attractive financial rewards</li></ul>	<ul style="list-style-type: none"><li>Introduce a new human resource system for the "true autonomy and effort" of all employees</li><li>Institute a target management system to provide fair evaluation and compensation</li></ul>	<div>📄 Talent Development</div> <a href="https://global.brother/en/sustainability/social/training">https://global.brother/en/sustainability/social/training</a>
Business partners	<ul style="list-style-type: none"><li>Act fairly with business partners and build strong, respectful working relationships for mutual growth</li></ul>	<ul style="list-style-type: none"><li>Share the Procurement Policy and CSR Procurement Standards with suppliers</li><li>Implement the CSR Procurement Level-up Program, which includes briefing sessions for suppliers and CSR questionnaires</li><li>Undergo on-site audits by RBA and obtain RBA Gold certification (1 facility)</li></ul>	<div>📄 Responsible Supply Chain</div> <a href="https://global.brother/en/sustainability/social/supply-chain">https://global.brother/en/sustainability/social/supply-chain</a>
Shareholders	<ul style="list-style-type: none"><li>Effectively utilize capital from shareholders to drive sustainable growth in corporate value and have regular, open communication</li></ul>	<ul style="list-style-type: none"><li>Conduct a total of 252 meetings with domestic and foreign institutional investors and securities analysts in FY2022</li></ul>	<div>📄 Stakeholder Engagement - Shareholders and Investors</div> <a href="https://global.brother/en/sustainability/csr/stakeholder#s05">https://global.brother/en/sustainability/csr/stakeholder#s05</a>
Local communities	<ul style="list-style-type: none"><li>Share our social, economic and cultural resources in all the communities where the Brother Group operates</li></ul>	<ul style="list-style-type: none"><li>Carry out social contribution activities with a sense of unity on a global scale, including participation of 24 domestic and overseas facilities in charity events to support cancer patients</li></ul>	<div>📄 Social Contribution</div> <a href="https://global.brother/en/sustainability/social/contribution">https://global.brother/en/sustainability/social/contribution</a>
Environment	<ul style="list-style-type: none"><li>Help society achieve sustainable development, by positively and continuously considering the environmental impact of all aspects of our business operations</li></ul>	<ul style="list-style-type: none"><li>Create eco-conscious products / Recover and recycle consumables and products</li><li>Reduce CO<sub>2</sub> emissions and waste</li></ul>	<div>📄 See Natural Capital, pages 44–47.</div>

Expansion of Business That Connects with Customers

To “accelerate P&S business model transformation” as stated in “CS B2024,” the Brother Group is undertaking a shift to a business model that connects more proactively with customers who use its products. To connect with customers means to create environments in which we can communicate directly with customers through contract-based business and continue to provide superior customer experience and value utilizing accumulated customer data. Through this connection, we believe that we can help our customers reduce their total cost of ownership (TCO)\* and reduce the burden of purchasing consumables, while at the same time contributing to sustainability by encouraging and promoting the recovery and recycling of our products through continuous communication.

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

Metrics and Targets:

●In P&S business, build platform to connect directly with customers toward improving LTV of customers

📄 See medium-term business strategy “CS B2024,” pages 21 and 23

Co-Creation of Value with Global Business Partners

The Brother Group has formulated the Procurement Policy and CSR Procurement Standards, which are explained to suppliers, and is implementing the CSR Procurement Level-up Program to raise the level of CSR procurement at suppliers. With regard to the procurement of minerals for raw materials and parts, we are striving to ensure transparency in the supply chain and to avoid the use of conflict minerals through formulating policies and surveying the usage.

In addition, for the goal of attaining RBA Gold certification at our manufacturing facilities, as stated in our sustainability targets, we acquired Gold certification at our P&S Business manufacturing facility in Vietnam in FY2022. In addition, we are cooperating with our business partners to build a parts procurement system that can flexibly handle changes by establishing relationships that enable us to have multiple procurement channels and to quickly consider alternatives in the event of design changes, even in normal times.

Metrics and Targets:

●Attain RBA Gold certification for three Group manufacturing facilities

📄 See medium-term business strategy “CS B2024,” page 23

Respect for Human Rights

The Brother Group, which operates globally, has established the Brother Group Principles of Social Responsibility (PSR) to clearly define and act on its corporate responsibilities toward the realization of a sustainable society. Furthermore, to ensure respect for the human rights of all people involved in the Group’s business, the Group established the Brother Group Human Rights Global Policy (Human Rights Policy) in January 2023. To thoroughly implement and practice this Policy, the Group conducts human rights due diligence and human rights training programs, and has established a consultation and whistleblowing helpline.

Promotion Structure

The Brother Group has established the Responsible Value Chain Subcommittee as one of the subcommittees under the Sustainability Committee to promote Group-wide global efforts to ensure respect for human rights. This subcommittee formulates global human rights due diligence policies and implements human rights due diligence throughout the value chain as its activities to ensure that the human rights of people involved in the Group’s business are respected and to provide safe and secure workplaces for workers.

📄 Sustainability Committee

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

Metrics and Targets:

●Attain RBA Gold certification for three Group manufacturing facilities

●Expand the human rights risk assessment on suppliers

Establishment of the Brother Group Human Rights Global Policy

The Brother Group established the PSR in 2012 to define and act on its social responsibilities as a corporation, including respect for human rights. In addition, the Group has been promoting human rights, such as respecting the human rights of all people involved in its business and preventing negative impacts on human rights throughout the value chain, based on “pursuing a responsible value chain” as one of its materialities. In January 2023, BIL formulated the Human Rights Policy, which was approved by the Sustainability Committee, to clearly declare its stance on respect for human rights in response to recent changes in international social demands on human rights. This policy clearly states the international norms that the Group refers to, such as the International Bill of Human Rights, as well as the human rights issues that the Group recognizes as important, and also declares that the Group will work on measures to prevent negative impacts on human rights that may arise from its business activities.

📄 Brother Group Human Rights Global Policy

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

Implementation of Human Rights Due Diligence

The Brother Group conducts human rights due diligence with the aim of achieving responsible procurement in its supply chain. Specifically, we conduct surveys on first-tier suppliers\*1 of our main businesses annually\*2 to confirm that there is no forced labor or child labor. In addition, we also investigate the status of the formulation of human rights policies at the suppliers, the existence of forced labor and child labor prevention clauses in major contracts with their business partners, and compliance with laws and

regulations by the suppliers. We request improvements in writing as necessary and conduct audits, including on-site audits, of selected first-tier suppliers based on the results of these investigations.

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

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

FY2022 Targets and Results of Human Rights Due Diligence			
Assessment based on survey	Target 1,100 companies	Result	1,128 companies
Onsite or online audit	Target 10 companies	Result	10 companies
Number of companies subject to correction after audit		Result	2 companies

Establishment of Grievance Mechanism

The Brother Group joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in FY2022, and established a whistleblowing helpline where the Group’s suppliers, customers, investors, employees, and all other stakeholders can raise specific concerns about human rights. This helpline allows anonymous reporting so that whistleblowers can report without fear of retaliation. When a report is received, we promptly investigate the case. In case negative impacts on human rights or human right risks are identified, we take necessary corrective action.

Human Rights Training

The Brother Group conducts training related to human rights to raise employees’ awareness. In FY2022, BIL conducted an e-learning program on human rights for all BIL employees. This answered frequently asked questions about human rights and featured the formulation of the Human Rights Policy and the Group’s efforts to respect human rights, and 3,988 (87%) employees participated in the program. Furthermore, BIL conducts training related to human rights, such as workshops on harassment, for the management and managers, and training on Understanding Basic Human Rights related to basic knowledge about human rights for new employees.

Human Rights Management Cycle Chart



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

Natural Capital (Environmental Initiatives)

■Capital status  
Resource consumption (raw materials for products) 231,632t\*  
Total energy consumption (crude oil equivalent) 45,706kL\*  
\* FY2022 results

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


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

Brother Group’s Environmental Policy  
https://global.brother/en/sustainability/eco/policy

Environmental Vision 2050 and “CS B2024”

The Brother Group formulated three pillars; reduction of CO<sub>2</sub> emissions, resource circulation, and biodiversity conservation, in the “Brother Group Environmental Vision 2050” as a company that uses energy and resources to provide products using bio-based items such as paper, thread and cloth. This

Environmental Vision recognizes the key social issues of climate change, resource depletion, environmental pollution, and destruction of the ecosystem as business risks for the Brother Group and clearly states the Group’s continuous commitment to solving these issues over the long term.

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

The Brother Group has set sustainability targets for the period of the medium-term business strategy “CS B2024” to address the five materialities for achieving “At your side 2030” Vision, and is promoting the efforts as important management

issues. Of the five materialities identified, the ones related to the protection of the earth are CO<sub>2</sub> emissions reduction and resource recycling.

See “Medium-Term Business Strategy” on pages 18-23

Materiality		Target for FY2024	Achievement in FY2018-FY2022
Protect the earth	Reducing CO <sub>2</sub> emissions	[Scope 1 and 2] Reduce CO <sub>2</sub> emissions by 47% from the FY2015 level (9% reduction during the three-year period from FY2022 to FY2024) Ref.) FY2030 Targets: 65% reduction from the FY2015 level  [Scope 3 C1, C11, and C12] Take measures to reduce 150,000 tons through own effort Ref.) FY2030 Targets: 30% reduction from the FY2015 level	CO <sub>2</sub> emissions (Scopes 1, 2, and 3)  See “Non-financial Indicators” on page 71
	Circulating resources	Achieve ratio of virgin materials used in products of 81% or less Ref.) FY2030 Targets: below 65%	Amount of production waste / amount of recycling  See “Non-financial Indicators” on page 71

Reduction of CO<sub>2</sub> Emissions

Efforts to Reduce CO<sub>2</sub> Emissions at Business Sites

As part of Brother’s environmental efforts to become carbon neutral, Brother newly installed solar panels at the Hoshizaki Plant and Port Warehouse 1 in Japan, and overseas at ZHUHAI BROTHER INDUSTRIES, CO., LTD., BROTHER INDUSTRIES (VIETNAM) LTD. and BROTHER INDUSTRIES (U.K.) LTD in FY2022. The total output of these units amounts to approximately 2,100 kW. As a result of this initiative, the total output of solar panels installed at Brother’s facilities has increased by approximately 3.5 times compared to the FY2021 level. At Port Warehouse 1 in particular, a combined on-site and off-site PPA\* has been introduced to consume the power generated by the solar panels at the Port Warehouse 1, and the surplus power generated is transmitted to the Brother Museum and the Brother Head Office building to ensure the efficient use of renewable energy. This is the first pioneering effort in the Chubu area to expand the introduction of renewable energy.



\* Power Purchase Agreement. A system whereby a company that owns and manages solar power facilities provides electricity generated by a solar power system installed on the premises, roof, or other space provided by the facility owner to the electricity users of the facility for a fee

Improvement of CO<sub>2</sub> Emissions Reducing Effect of Products

Brother has identified business portfolio transformation as one of the priority themes in its medium-term business strategy, “CS B2024.” Particularly in the field of new businesses, including “PureDrive-FL,” Brother aims to create businesses that will help solve materiality issues such as productivity improvement, labor saving and automation, support for various businesses, CO<sub>2</sub> emissions reduction, and resource saving, as businesses that support worker productivity and creativity and businesses that contribute to the future of the planet. To achieve both heat control for forklift operators and CO<sub>2</sub> emissions reduction, “PureDrive-FL” has achieved miniaturization and low power consumption while maintaining high cooling performance by utilizing the thermo-fluid analysis and structural analysis technologies Brother has cultivated over the years.

The development of a CFC-less, exhaust-heat-less spot cooler for forklifts, which previously required air conditioning in the entire plant or facility where they operate, has enabled the introduction of individual air conditioning and achieved a significant reduction in energy consumption, which has been highly evaluated and which received the Award of Excellence at the 5th EcoPro Awards organized by the Sustainable Management Promotion Organization in September 2022.



Resource Circulation and Waste Reduction

World’s First Blue Angel Certification for Recycled Toner Cartridges

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



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

See page 27.

Water Usage Reduction Initiatives

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

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

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

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

For example, BTSL implemented measures in FY2022 such as improvement of water spraying equipment, introduction of new cleaning methods, increased use of air-conditioning water, and utilization of wastewater from analyzers, resulting in a 15% reduction compared to the FY2021 level (per unit of sales).

Water Consumption / Amount of Recycling: See “Non-financial Indicators” on page 71

Biodiversity Conservation

For many years, the Brother Group has been conducting voluntary biodiversity conservation activities at each of its facilities, and in FY2021, in order to further revitalize the Group’s activities, the zero ocean waste activities were launched for Group employees in Japan and overseas, in support of World Oceans Day. In FY2022, more than 21,000 people from 45 business sites in Japan and overseas participated in these activities. In some facilities, not only employees but also their families, suppliers, and local communities participate in these activities, helping to raise environmental awareness. The Group will continue to engage

in zero ocean waste activities in FY2023. In addition, the Group is preparing to assess natural capital such as water, land, and forests in order to disclose nature-related financial information.



Biodiversity Conservation  
https://global.brother/en/sustainability/eco/biodiversity



Natural Capital (Environmental Initiatives)

TCFD



Compliance with the TCFD Recommendations and Further Promotion of Climate Change Countermeasures to Reduce CO<sub>2</sub> Emissions as One of Our Materialities

The Brother Group has identified the reduction of CO<sub>2</sub> emissions as one of the materialities in order to contribute to society and protect the earth, and has set sustainability targets. In February 2020, we expressed our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). In 2021, based on these TCFD Recommendations, the risks and opportunities of climate change with regard to our P&S Business, P&H Business, Machinery Business, and new businesses were analyzed, and relevant information was disclosed. We will expand the scope of businesses subject to analysis and strive to enhance our information disclosure as well as further stepping up our climate change countermeasures in order to contribute to the formation of a decarbonized society.

Governance

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

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

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

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

The Environment & Climate Change Subcommittee held three meetings in FY2022. The Sustainability Committee held seven meetings, and reported the results of the discussions made by the Environment & Climate Change Subcommittee at four of those seven meetings.

Strategy (scenario analysis)

The “Brother Group Environmental Vision 2050” places the reduction of CO<sub>2</sub> emissions as an important matter for the Brother Group. Together with recognizing that climate change, which is becoming more serious around the globe, is an important social issue, we regard climate change as a business risk and opportunity for the Brother Group and are striving to resolve it on a long-term and continuous basis.

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

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



Climate-related risks

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

<sup>\*</sup> Financial Impact Low: 1 billion yen or less Medium: 1 to 10 billion yen Large: Over 10 billion yen - : Consider in the future Estimated Time Short-term: Within 10 years Medium-term: 10-50 years Long-term: Over 50 years  
<sup>\*</sup> JEITA: Japan Electronics and Information Technology Industries Association

Climate-related opportunities

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

Risk Management

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

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

Metrics and Targets

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

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

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

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

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

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

See “Non-financial Indicators” on page 71

Medium-term target for FY2030

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

## Message from the Director & Chairman

### Supporting Executives Who Use Diverse Skills and Experience to Drive Transformations

#### Continuing to Demonstrate the “At your side.” Spirit

Over the 115 years of our history, the Brother Group has overcome a range of difficulties by responding to change and transforming our business. In any change or crisis, what is most important that we consistently demonstrate the “At your side.” spirit and quickly deliver Brother’s unique value to our customers around the world.

To contribute to society and help protect the earth, while meeting the expectations of every stakeholder, the Board of Directors is totally committed to our advisory and supervisory functions over business operations.

#### History of a Strengthened Governance System

To accelerate its decision-making and strengthen its corporate governance, the Brother Group adopted an executive officer system, and clarified the division of roles between execution and supervision, more than 20 years ago. Since 2008, we have also ensured that approximately half the members of our Board of Directors are Outside Directors. With regard to the nomination and compensation of Directors and Executive Officers, we have worked to safeguard the fairness and transparency of procedures. This includes consultation with a voluntary Nomination Committee and Compensation Committee, both chaired by Outside Directors with the majority of committee members also Outside Directors. More than half of the members of our Audit & Supervisory Board are also Outside Auditors.

#### Rich Diversity among the Board of Directors

For our Company to prosper, I believe that it is vital that diverse human resources—regardless of their gender, nationality, or specific skills—have opportunities to participate in discussions and demonstrate their potential. In a rapidly changing world, to respond to business issues that are both global and diverse in nature, it is essential that we formulate, and implement as quickly as possible, detailed strategies that are rooted in wide-ranging knowledge and voices from diverse backgrounds. We must also develop systems that enable rapid and flexible responses in the event of unexpected circumstances.

Our Outside Directors and Outside Auditors all have global business experience, rich management experience, high levels of expertise, and experience in resolving social issues. Without favoring any specific field, they bring with them the diverse skills required for corporate management. In terms of gender diversity, in addition to an Outside Director, we have appointed a new woman to the role of Outside Auditor as well. I look forward to their increased active participation in the Board of Directors and other meetings going forward, regardless of whatever position they hold.

Appropriate sharing of internal information with our Outside Directors and Outside Auditors is also essential for ensuring lively discussions in meetings of the Board of Directors. We are improving their understanding by providing advance explanations of important and complex matters. Since FY2022, we have been increasing opportunities for them to share in management information, including providing access to management meetings of the executives when necessary. I feel that such direct access to internal discussions not only ensures timely sharing of information, but provides good opportunities to see Brother Group talent in action as well.

#### Working Towards Eternal Prosperity

Our Board of Directors has been discussing the “CS B2024” medium-term business strategy, and monitoring its progress, since the initial stages of development. “CS B2024” seeks to accomplish business portfolio and management foundation transformation, so we also need to pursue the development of talent able to deliver this transformation. We also have no time to waste in terms of sustainability issues, including reducing CO<sub>2</sub> emissions, recycling resources, and building responsible value chains. That is why we are supporting management that can respond rapidly to important management issues from a medium- to long-term perspective. And talented individuals are the cornerstone of transformation. Characteristics of the Brother Group are a flat and open organizational culture, and a culture of support for taking on challenges. Passing on this culture, and enabling every person to play an active, positive, and energetic roles will lead to improved long-term corporate value for the Brother Group. To ensure that we can continue generating this virtuous circle forever, I encourage our employees in their efforts to take on new challenges.

**Toshikazu Koike**  
Director & Chairman  
Chairperson of the Board





Composition of the Board of Directors

BIL's Board of Directors is composed of diverse talented individuals with different knowledge and experiences to secure management strategies and engage in effective decision-making and supervision of operations for sustainable growth of the Brother Group's corporate value. Placing importance on both the supervisory and advisory functions of the Board of Directors, we nominate our outside directors by placing particular emphasis on people who are independent of the Company's management and who possess extensive management experience. The Nomination Committee and the Compensation Committee deliberate on skills required in achieving the "CS B2024 medium-term business strategy" and the people who are expected to proactively demonstrate these skills, and we have prepared a skill matrix to align these items. We first selected the skills related to business strategies such as Business/Strategy, Development/Manufacturing, Sales/Marketing, and IT/DX, that will contribute to the two of the four priority themes of "CS B2024", namely "Expansion in the Industrial area" and "Towards transformation in the Printing area." Subsequently, we have selected talent development as the skill required for fostering talent and reskilling to develop key players for these initiatives. The "ESG/Sustainability" skill is also included in the set of selected skills as a skill that relates mainly to "Realizing a diverse and active society" and "Reducing CO<sub>2</sub> emissions," the two materialities that we have identified for the achievement of our Vision. Additionally, we have listed "globalism" considering the global scale of the Group's businesses, as well as "Legal/Compliance" and "Financial/Accounting" to secure governance of the Board of Directors and legal and business audit function.

Skills Matrix (As of June 22, 2023)

Role	Name	Official title or position	Committees to which he/she belongs		Area of Expertise									Age	Independent	Attendance	
			Nomination Committee	Compensation Committee	Business/Strategy	Development/Manufacturing	Sales/Marketing	IT/DX	Talent Development	Internationalism	Legal/Compliance	Financial/Accounting	ESG/Sustainability				
Directors	Toshikazu Koike	Director & Chairman	●	●	●		●		●	●		●	●	67		12/12	
	Ichiro Sasaki	Representative Director & President	●	●	●	●		●		●			●	66		12/12	
	Tadashi Ishiguro	Representative Director & Vice President			●		●	●		●				63		12/12	
	Kazufumi Ikeda	Representative Director & Senior Managing Executive Officer			●				●	●		●	●	60		12/12	
	Satoru Kuwabara	Representative Director & Senior Managing Executive Officer			●	●	●			●				60		12/12	
	Taizo Murakami	Director & Managing Executive Officer				●				●			●	61		10/10	
	Keisuke Takeuchi	Outside Director	● Committee Chairman	●	●	●					●				75	●	11/12
	Aya Shirai	Outside Director	●	●	●					●				●	63	●	12/12
	Kazunari Uchida	Outside Director	●	● Committee Chairman	●			●	●	●					71	●	12/12
	Naoki Hidaka	Outside Director	●	●	●		●				●				70	●	12/12
Masahiko Miyaki	Outside Director	●	●	●	●							●		69	●	12/12	
Auditors	Keizo Obayashi	Standing Corporate Auditor									●		●		60		12/12
	Takeshi Yamada	Standing Corporate Auditor									●	●			60		*2
	Akira Yamada	Outside Auditor									●	●			70	●	12/12
	Kazuya Jono	Outside Auditor									●		●		68	●	12/12
	Chika Matsumoto	Outside Auditor											●	●	62	●	*2

\*1 The above information does not include all of the expertise possessed by each Director and Auditor.

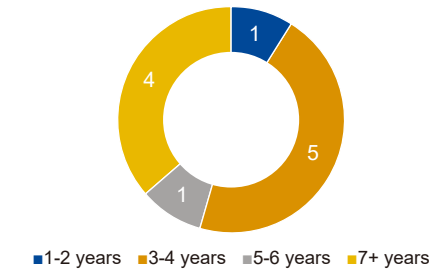
\*2 Appointed in June 2023

Features of Brother's Board of Directors

Corporate Governance Structure (As of June 22, 2023)

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

Breakdown of Directors by Years Served



Reasons for Appointment
Toshikazu Koike has produced excellent achievements and demonstrated outstanding qualities as a senior executive. With years of experience as the head of the Americas sales headquarters and President of Information & Document Company, he drove the growth of our primary printing business. As the President of the Company since 2007, he led the Group toward achieving our long-term business vision. Further since 2018, as the Chairman of the Board of the Company, he has been demonstrating his ability to promote corporate governance for the Group. It is therefore considered that his extensive insight and outstanding skills are essential to the operation of the Company.
As an engineer for product development, Ichiro Sasaki was one of the people who established the foundation of our laser printer technology. He possesses a broad range of insight based on his experience, which includes operations in the manufacturing field, such as product planning and quality assurance, and management of our sales company in the United Kingdom. He led the acquisition of the Domino Business and its subsequent integration, and after taking the position of the President of the Company in 2018, he has demonstrated excellent leadership in various business fields of the Company. It is therefore considered that his extensive insight and leadership will contribute to the growth of the Group's corporate value.
With years of experience as the head of the Americas sales headquarters, Tadashi Ishiguro has produced achievements in driving the growth of our business in the Americas. After returning to Japan, he formulated the medium-term business strategy as an executive responsible for corporate planning. Since 2017, he has greatly contributed to the performance of the Printing and Solutions Business as an executive responsible for the business division. It is therefore considered that his knowledge and experience will contribute to the growth of the Group's corporate value.
After joining the Company, Kazufumi Ikeda accumulated operational experience, including in product planning and sales departments, as well as management of a sales subsidiary in Germany. Thereafter, he formulated and demonstrated his ability to promote the medium-term business strategy as an executive responsible for the headquarters corporate planning department. Most recently, he has produced achievements in driving the development of our business in the Americas as the head of the Americas sales headquarters. It is therefore considered that his knowledge and experience will contribute to the growth of the Group's corporate value.
After joining the Company, with years of experience in development and design operations in our primary Printing and Solutions Business, Satoru Kuwabara demonstrated excellent leadership particularly in the development of laser printer products. From 2010, he served as an executive responsible for operating a manufacturing subsidiary in China as our main manufacturing facility. Since fiscal year 2021, he has driven the growth of the Printing & Solutions Business as an executive responsible for operating the business. It is therefore considered that his knowledge and experience will contribute to the growth of the Group's corporate value.
After joining the Company, Taizo Murakami has been engaged for many years in the manufacturing technology field in our main businesses, such as the sewing machine or printer businesses. He has extensive knowledge in the manufacturing and quality control fields of the Group from his work in positions including the head of the manufacturing facility in the ASEAN region. Most recently, he has been demonstrating his ability as an executive responsible for our quality and manufacturing functions in promoting the manufacturing technology strategy and manufacturing facility strategy, and in dealing with supply chain issues for business continuity. It is therefore considered that his knowledge and experience will contribute to the growth of the Group's corporate value.
Mr. Keisuke Takeuchi has been engaged in the management of JGC Corporation (currently JGC Holdings Corporation) as President and Chairman of the company. Based on his extensive experience, achievements, and insight from this background as a senior executive of a global group of companies, it is considered that he can provide advice regarding the Group's management, make important decisions, and supervise the execution of business.
Ms. Aya Shirai has been engaged in the management of various manufacturers with years of experience as an Outside Director. She has also been engaged in the top management of a local government and actively promoted the diversification of organizations. Based on her extensive experience, achievements, and insight from this background, it is considered that she can provide advice regarding the Group's management, make important decisions, and supervise the execution of business.
Mr. Kazunari Uchida has extensive knowledge on corporate management as Japan representative of Boston Consulting Group and has been engaged in the management of various companies with years of experience as an Outside Director and an Outside Auditor. Based on his extensive experience, achievements, and insight from this background, it is considered that he can provide advice regarding the Group's management, make important decisions, and supervise the execution of business.
Mr. Naoki Hidaka has been engaged in the management of a global group of companies through his experience as executive Vice President of Sumitomo Corporation and in the overseas offices of the company. Based on his extensive experience, achievements, and insight from this background, it is considered that he can provide advice regarding the Group's management, make important decisions, and supervise the execution of business.
Mr. Masahiko Miyaki has been engaged in the management of a global group of companies as Executive Vice President of DENSO CORPORATION in such fields as technology development, quality, and the environment. Based on his extensive experience, achievements, and insight from this background, it is considered that he is the most appropriate for a corporate auditor of the Company.
After joining the Company, Keizo Obayashi was engaged in operation and business management at information equipment department, corporate planning department, and European sales headquarters. He has the knowledge in accounting and tax fields through his experiences. Most recently, he has the experience in promoting the internal control of the Group as an executive responsible for the headquarters finance department. Based on his knowledge and experience, it is considered that he is the most appropriate for a Corporate Auditor of the Company.
After joining the Company, Takeshi Yamada was engaged in corporate planning and administration at major subsidiaries overseas and in Japan. Most recently, as General Manager of the Corporate Planning Department, he has experience in business management including accounting at the Company and the Group companies. He also has extensive experience in management governance of the Group companies as a Director and Corporate Auditor of sales subsidiaries in Asian countries. Based on his knowledge and experience, it is considered that he is the most appropriate for a corporate auditor of the Company.
With years of experience as a lawyer, Mr. Akira Yamada has been engaged in domestic and international corporate legal affairs. Based on his extensive experience, achievements, and insight, it is considered that he can provide auditing over the operation of the Company from a standpoint that is independent of our management executives.
Mr. Kazuya Jono has years of experience in the management of financial institutions. Based on his extensive experience, achievements, and insight, it is considered that he can provide auditing over the operation of the Company from a standpoint that is independent of our management executives.
Ms. Chika Matsumoto has background with years of experience as a certified public accountant. Based on her extensive experience, achievements, and insight in the areas of finance and accounting, it is considered that she can provide auditing over the operation of the Company from a standpoint that is independent of our management executives.

# Directors, Corporate Auditors, and Executive Officers (As of June 22, 2023)

## Directors



**Toshikazu Koike**  
Director & Chairman

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



**Ichiro Sasaki**  
Representative Director & President

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



**Keisuke Takeuchi**  
Outside Director  
Independent Director

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



**Aya Shirai**  
Outside Director  
Independent Director

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



**Tadashi Ishiguro**  
Representative Director & Vice President

Responsible for: MIS Dept.,  
New Business Development Dept.

Apr. 1984 Joined the Company  
May 1987 Brother International Corporation (U.S.A.)  
Jan. 2005 Director & President of Brother International Corporation (U.S.A.)  
Apr. 2011 Group Executive Officer of the Company  
Apr. 2013 Group Managing Executive Officer of the Company  
Apr. 2014 Director and Chairman of Brother International Corporation (U.S.A.)  
Jun. 2014 Director & Group Managing Executive Officer of the Company  
Jan. 2015 Director & Managing Executive Officer of the Company  
Apr. 2017 Director & Senior Managing Executive Officer of the Company  
Jun. 2017 Representative Director & Senior Managing Executive Officer of the Company  
Apr. 2021 Representative Director & Vice President of the Company (current position)



**Kazufumi Ikeda**  
Representative Director & Senior Managing Executive Officer

Responsible for:  
Corporate Planning Dept.,  
Human Resources Dept.  
Responsible for: Nissei Business

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



**Kazunari Uchida**  
Outside Director  
Independent Director

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



**Naoki Hidaka**  
Outside Director  
Independent Director

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



**Satoru Kuwabara**  
Representative Directors & Senior Managing Executive Officers

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

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



**Taizo Murakami**  
Director & Managing Executive Officer

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

Apr. 1984 Joined the Company  
Apr. 2007 General Manager, Production Technology Dept. of Printing & Solutions Company  
Apr. 2008 General Manager, Production Technology Dept. of the Company  
Apr. 2009 General Manager, Parts Engineering Dept. of the Company  
Apr. 2010 Managing Director of Brother Industries Technology (Malaysia) Sdn. Bhd.  
Apr. 2013 General Manager, Prototype Engineering Dept. of the Company  
Apr. 2016 Executive Officer of the Company  
Apr. 2019 Managing Executive Officer of the Company  
Jun. 2022 Director & Managing Executive Officer of the Company (current position)



**Masahiko Miyaki**  
Outside Director  
Independent Director

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



Directors, Corporate Auditors, and Executive Officers

Corporate Auditors



**Keizo Obayashi**  
Standing Corporate Auditor

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



**Takeshi Yamada**  
Standing Corporate Auditor

Apr. 1987 Joined the Company  
May 1993 Brother Industries (U.K.)  
Apr. 2002 Brother Sales, Ltd.  
Jun. 2005 Brother International Corporation (U.S.A.)  
Apr. 2014 Director of Brother International Corporation (U.S.A.)  
Apr. 2017 Representative Director & President of Brother International Corporation  
Apr. 2018 General Manager, Corporate Planning Dept. of the Company  
Apr. 2023 Deputy General Manager, Corporate Auditors' Office of the Company  
Jun. 2023 Corporate Auditor of the Company (current position)



**Akira Yamada**  
Corporate Auditor  
Independent Auditor

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



**Kazuya Jono**  
Corporate Auditor  
Independent Auditor

Apr. 1977 Joined Mitsui Bank (now Sumitomo Mitsui Banking Corporation)  
Jun. 2005 Executive Officer of Sumitomo Mitsui Banking Corporation ("SMBC")  
Apr. 2007 Managing Executive Officer of SMBC  
Apr. 2009 Managing Executive Officer of Sumitomo Mitsui Financial Group ("SMFG"), Director and President of Sumitomo Mitsui Card & Credit, Inc.  
Apr. 2010 Director and Senior Managing Executive Officer of SMBC, Senior Managing Executive Officer of SMFG  
Jun. 2011 Director of SMFG  
Jun. 2012 Director and President, CEO of Citibank Japan Ltd.  
Jun. 2015 Outside Auditor of The Japan Steel Works Ltd.  
Jun. 2019 Outside Auditor of Toray Industries, Inc.  
Jun. 2019 Corporate Auditor of the Company (current position)



**Chika Matsumoto**  
Corporate Auditor  
Independent Auditor

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

Executive Officers

Senior Managing Executive Officer

**Makoto Hoshi**

**Head of Machinery Business Division**  
Responsible for: Machinery Business Division  
●Business Planning Dept.

Managing Executive Officers

**Tsuyoshi Suzuki**

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

**Tetsuro Koide**

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

**Toshihiro Ito**

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

**Yumiko Iwadare**

Responsible for:  
Printing & Solutions Business Division  
●Business Planning Dept.,  
●Sales & Marketing Dept.,  
●Product Planning Dept.,  
●CX Development Dept.,  
●SPS Business Development Dept.

**Yasuyuki Hasegawa**

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

Executive Officers

**Tatsuya Sato**

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

**Yoshiichi Sugimoto**

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

**Tatsuo Terakura**

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

**Masahiro Akita**

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

Group Managing Executive Officers

**Isao Noji**

Chairman & Managing Director of Brother International Europe Ltd.

**Donald Cummins**

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

**Robert Pulford**

Director & CEO of DOMINO PRINTING SCIENCES PLC

Group Executive Officer

**Koichi Yasui**

Representative Director & President of Brother Sales, Ltd.

# Corporate Governance

## Basic Approaches

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

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

Brother Group Basic Policies on Corporate Governance

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

## Changes in Corporate Governance

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

## Corporate Governance Structure

BIL positions the Board of Directors as the organization that decides on basic management policies, makes high-level management decisions, and supervises the execution of operations. We adopt the structure of a company with an Audit & Supervisory Board. In addition, to ensure high transparency and objectivity, we have continuously enhanced our corporate governance structure. In order to enhance the management system focusing on sustainability, we established the Sustainability Committee in FY2022, which is chaired by the Representative Director & President, to conduct ongoing discussions on sustainability and report regularly to the Board of Directors.

### Board of Directors

The Board of Directors consists of 11 Directors (including five Outside Directors\*), of which one is a female Director. In principle, meetings, which are chaired by the Representative Director & Chairman, are held once a month. In FY2022, the Board of Directors held 12 meetings. To increase medium- to long-term corporate value, the Board formulates management strategies and plans and carries out decision-making on important executive operations. At the same time, the Board supervises the Directors, Executive Officers, and other parties in their execution of operations, and strives to establish structures that ensure management soundness, such as the Group's internal control and risk management systems.

\*As of June 22, 2023

### <Independent Outside Directors>

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

### <Director Training and Support System for Outside Directors>

We have created a system for providing training that we consider necessary for our Directors according to the training target, and conduct training based on the system. As training for Outside Directors, we mainly provide information on our businesses, history, financial affairs, organizations, and other matters. For other Directors, we provide opportunities to acquire knowledge about Directors' duties and responsibilities. Along with such training, we give Directors opportunities for worksite inspections, such as tours of facilities in Japan and overseas, thereby actively helping Directors to deepen their understanding of our businesses.

### Audit & Supervisory Board

BIL's Audit & Supervisory Board consists of five Corporate Auditors (including three Outside Auditors)\*, of which one is a female Corporate Auditor. It held 12 meetings in FY2022. The Corporate Auditors have high levels of expertise in fields such as law and accounting, and follow the audit standards established by the Audit & Supervisory Board. They mainly conduct the audit activities listed below, audit the Directors' execution of duties, and conduct audits widely on the establishment and implementation of the Group's internal control system.

### <Main Activities>

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

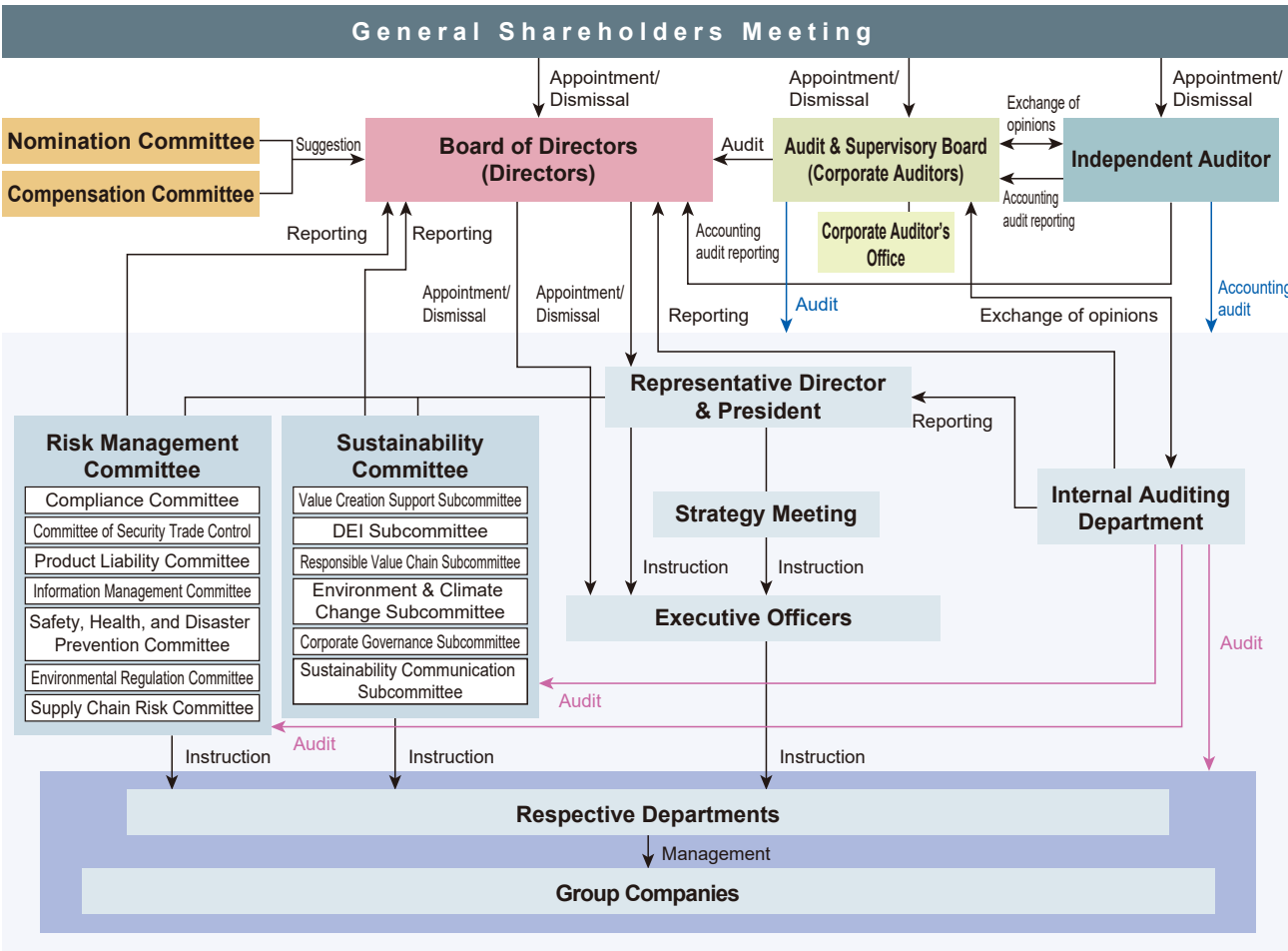
\*As of June 22, 2023

### Executive Officer System

BIL has introduced an executive officer system to ensure swift decision-making by separating executive operations and supervision. There are 15 Executive Officers (including one female Executive Officer) and four Group Executive Officers (including two non-Japanese nationals). Of the Executive Officers, five are concurrently Directors. Executive Officers—including Group Executive Officers—are elected by the Board of Directors and carry out decision-making and executive operations delegated by the Board of Directors in accordance with the basic management policies determined by the Board. At the same time, the Executive Officers are responsible for overseeing the operations of businesses, departments, and Group subsidiaries under their supervision.

\*As of June 22, 2023

## Governance Structure (As of June 22, 2023)



### Nomination Committee and Compensation Committee

BIL has established the Nomination Committee and Compensation Committee as arbitrary advisory committees to the Board of Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors regarding the appointment or removal and remuneration of Directors and Executive Officers. Each of the committees consists of seven Directors\*, including five Outside Directors as well as the Director & Chairman and the Representative Director & President, and appoints an Outside Director as its chairperson (Nomination Committee: Keisuke Takeuchi; Compensation Committee: Kazunari Uchida).

The Nomination Committee must deliberate on the agenda of the general meeting of shareholders concerning appointment or removal of Directors and the agenda of the Board of Directors concerning appointment or removal of executive officers in a fair, transparent, and strict manner before the agendas concerned are finalized, and report the outcome to the Board of Directors. The Nomination Committee also reports on matters such as the succession planning for the CEO and other top management to the Board of Directors. The Nomination Committee primarily discusses matters related to the election of Directors, executive officers, and other senior management, and related matters. The Nomination Committee met three times in FY2022, and the attendance rate of each member was 100%.

The Compensation Committee must discuss the Company rules concerning the standard for calculating the remuneration for Directors and executive officers, and the respective remunerations of respective individuals, and report the outcome to the Board of Directors. The Compensation Committee primarily discusses matters related to compensation for Directors, executive officers, and other senior management, including the details, calculation method, individual payment amounts, and comparisons with the compensation levels of other companies. The Compensation Committee met two times in FY2022, and the attendance rate of each member was 100%.

\*As of June 22, 2023

### <Succession Plans for Top Management>

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



Corporate Governance

Outside Directors

Independent Officer Selection Standards

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

Auditors are independent officers as specified by each Exchange.

📄 Independence Standards for Outside Directors

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

Reason for Selection of Outside Officers

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

📄 See page 51.

Major Activities by Outside Directors (FY2022)

Name (Attendance)	Exhibition of Expertise and State of Activities
<b>Keisuke Takeuchi</b> (11 out of 12 times)	Mr. Takeuchi appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of operations based on his extensive experience and insight acquired in the course of engaging in the management of a global group of companies by serving as President and Chairman of JGC Holdings Corporation. As the Chairperson of the Nomination Committee and a member of the Compensation Committee, Mr. Takeuchi also attended meetings of these committees. In particular, in electing candidates for President and other Directors, for example, he played a leading role in the consideration process as the Chairperson of the Nomination Committee.
<b>Aya Shirai</b> (12 out of 12 times)	Ms. Shirai actively presented her opinions at the Company's Board of Directors meetings based on her extensive experience and insight acquired through engaging in the top management of a local government and proactive promotion of the diversification of organizations as well as long-term service as an Outside Director for manufacturers. She appropriately fulfilled her role as an Outside Director, as she provided advice on management and supervised the execution of business. As a member of the Nomination Committee and the Compensation Committee, Ms. Shirai also attended meetings of these committees and actively presented opinions.
<b>Kazunari Uchida</b> (12 out of 12 times)	Mr. Uchida appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of business based on his extensive experience and insight acquired as an Outside Director and Outside Auditor of several companies, in addition to a broad range of expertise in corporate management developed through serving as Japan's Representative in the Boston Consulting Group. As the Chairperson of the Compensation Committee and a member of the Nomination Committee, he also attended meetings of these committees. In particular, as the Chairperson of the Compensation Committee, he played a leading role in the deliberation and determination processes of revisions of the compensation system for Directors.
<b>Naoki Hidaka</b> (12 out of 12 times)	Mr. Hidaka appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of business based on his extensive experience and insight acquired in the course of engaging in the management of a global group of companies by serving as Representative of overseas offices and Executive Vice President of Sumitomo Corporation. As a member of the Nomination Committee and the Compensation Committee, Mr. Hidaka also attended meetings of these committees and actively presented opinions.
<b>Masahiko Miyaki</b> (12 out of 12 times)	Mr. Miyaki appropriately fulfilled his role as an Outside Director, as he provided advice on management and supervised the execution of business based on his extensive experience, achievements, and insight acquired in the course of engaging in the management of a global group of companies by serving as Executive Vice President of DENSO CORPORATION. Additionally, as a member of the Nomination Committee and the Compensation Committee, he attended meetings of these committees and actively presented his opinions.

Column

Efforts and Promotion Structure of Sustainability

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

Sustainability Committee meetings were held seven times in FY2022

Main topics	April 2022	Deliberation on target-setting for each Subcommittee, internal organizations of the Sustainability Committee
	August 2022	Formulation of the Brother's Value Creation process
	February 2023	Approval of the Integrated Report disclosure process

📄 Basic Policy on Sustainability

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

📄 Promotion of Management with an Emphasis on Sustainability

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

Effectiveness of the Board of Directors

Conducting Evaluation of the Effectiveness of Directors

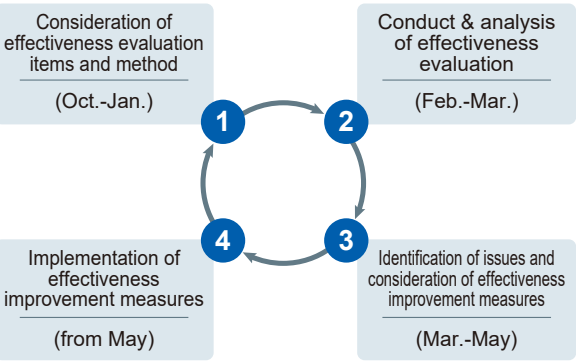
At BIL, respective directors and auditors every year evaluate the effectiveness of the Board of Directors and report the results to the Board of Directors. Based on the evaluation, the Board of Directors analyzes and assesses the effectiveness of the entire Board of Directors and discloses a summary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

The evaluation of the Board of Directors for FY2022 was conducted in March 2023 by having all directors and corporate auditors answer a survey developed after seeking the opinions of external consultants. The survey's main questions are given below.

- Composition and operation of the Board of Directors
- Management plans and business strategies
- Corporate ethics and risk management
- Performance monitoring and evaluation and remuneration of the management
- Dialogues with shareholders, etc. and issues from the previous year/the effects of the countermeasures

Process for Evaluation of the Effectiveness of the Board of Directors

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



- ① Design of questions for measuring effectiveness of the Board of Directors together with external consultants taking into consideration factors such as social trends related to corporate governance.
- ② Evaluation regarding the effectiveness of the Board of Directors is conducted using a survey method for all Directors and Corporate Auditors. The survey's consolidation and analysis of results are tasked to external consultants. The survey response rate for FY2022 was 100%.

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

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

Board of Directors' Effectiveness Evaluation Results and Response Policy

At the meeting of the Board of Directors held in May 2023, the evaluation results were discussed, and it was confirmed that BIL's Board of Directors functioned effectively in general. At the same time, through the evaluation of the Board of Directors, opinions were raised regarding requests and room for improvement in the following areas.

- Expand discussions on priority management themes (business portfolio transformation, talent strategy, capital cost)
- Establish an environment for bringing internal discussions to the Board of Directors
- Share deliberations of the Nomination Committee and Compensation Committee

The Board of Directors will continue to improve the Board's effectiveness taking these opinions into consideration.

State of Improvement Regarding Past Evaluation Results

The results of the previous effectiveness evaluation of the Board of Directors in February 2022 confirmed that BIL's board was functioning effectively overall. In response to the requests received through the evaluation of the Board of Directors and the comments on areas for improvement, the following measures were taken in FY2022.

- Implemented measures to stimulate discussion on business portfolio, capital cost, and DX
- Further improved the quality of board meeting materials to ensure appropriate discussion by Directors
- Provided continuous opportunities for Directors to acquire knowledge to fulfill their roles

Corporate Governance

Officer Remuneration

Policy on Officer Remuneration

BIL has established an officer remuneration system that facilitates the recruitment and retention of outstanding managerial talents from inside and outside the Company and serves the purpose of sustainably increasing corporate value. We have also adopted a policy of paying remuneration at appropriate levels according to job responsibilities and performance. Effective from FY 2022, we have revised the details of the performance-based and stock-based remuneration plans with the aim of continuously improving our corporate value.

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

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

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

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

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

Amounts and Calculation Methods of Officer Remuneration

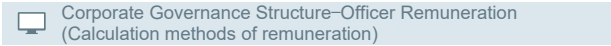
<Basic remuneration>

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

<Annual bonuses>

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

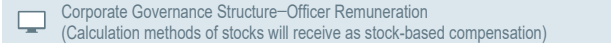
Note:In this section, “revenue” refers to consolidated revenue and “profit for the period” refers to profit for the period attributable to owners of the parent company.



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

<Stock-based compensation>

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



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

<The composition ratio of individual remuneration, etc.

for each type of remuneration>

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

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

<Clawback and Malus clause>

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

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

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

As part of these activities, the Compensation Committee deliberated on the agenda items indicated below in FY2022:

- May 11, 2022

● Partial operational revision of performance indicators for stock-based remuneration (BIP trust)

● Remuneration system and levels for full-time Directors who do not concurrently serve as Executive Officers

● Annual bonus for the fiscal year
- December 20, 2022

● Officer remuneration level assessment

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

The Board of Directors deliberated on and decided matters on officer remuneration for FY2022 as indicated below:

- May 11, 2022

● Introduction of a new stock-based remuneration system

● Remuneration system and levels for full-time Directors who do not concurrently serve as Executive Officers
- June 20, 2022

● Performance-based remuneration

● Revision of the policy for determining the remuneration, etc., of Directors and other officers (officer remuneration policy)
- August 5, 2022

● Establishment of a trust for performance-linked stock-based remuneration

● Allocation of treasury stocks through a third-party allotment to the BIP trust for officer remuneration

Amounts of officer remuneration

(For one year from April 1, 2022 to March 31, 2023)

Categories	Total amount of remuneration, etc. (Millions of yen)	Total amount by type of remuneration (Millions of yen)				Number of eligible officers
		Basic remuneration	Annual bonus	Stock-based remuneration		
				Basic remuneration	Performance-based remuneration	
Director (including Outside Directors)	416 (56)	272 (56)	60 (－)	41 (－)	41 (－)	12 (5)
Corporate Auditor (including Outside Auditors)	77 (27)	77 (27)	－ (－)	－ (－)	－ (－)	5 (3)
Total (including Outside Directors and Outside Auditors)	494 (84)	350 (84)	60 (－)	41 (－)	41 (－)	17 (8)

Notes:

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



https://download.brother.com/pub/com/investor/annual-securities/pdf/2023/2022-asr.pdf

Cross-shareholdings

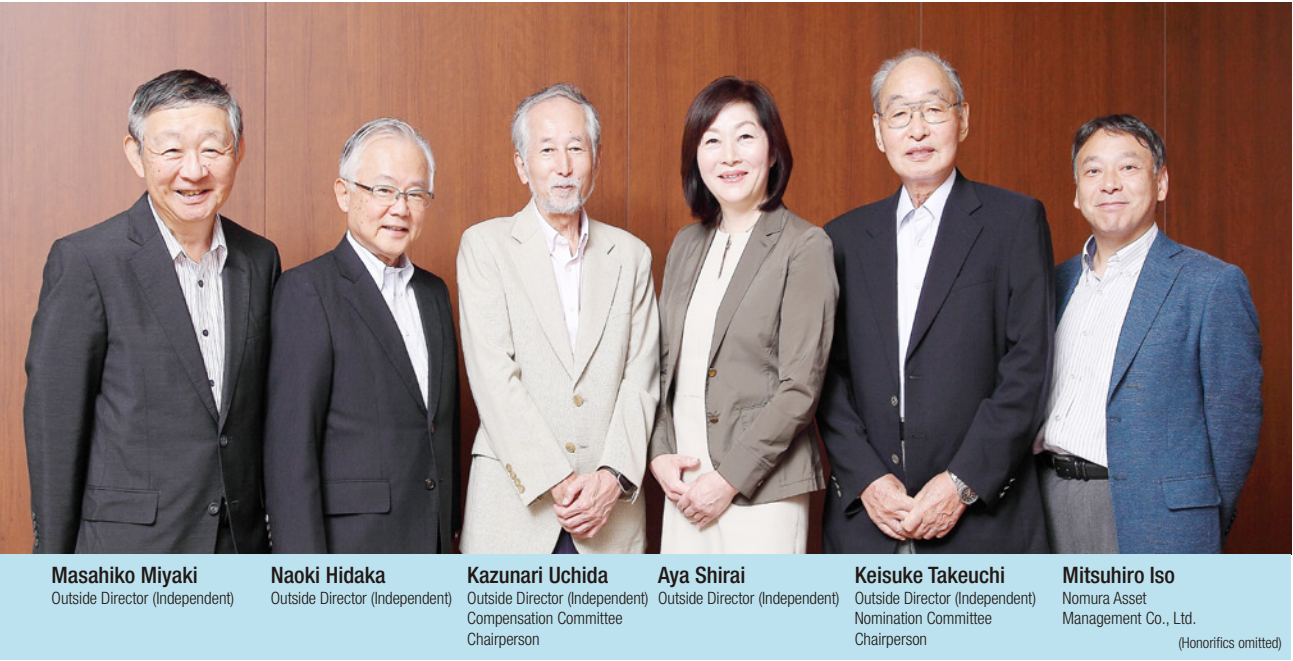
BIL holds shares of other listed companies that it considers building good business relationships will contribute to the enhancement of its corporate value over the medium to long-term (hereafter referred to as “cross-shareholdings”).

The Board of Directors examines the appropriateness of its individual cross-shareholdings on an annual basis and reduces holdings determined deficient in meaning. In November 2022, the Board of Directors decided to continue to hold each share since the rationale for cross-shareholdings was confirmed after the examination of the purpose of holding, dividend yield and market value, and other benefits and risks for each individual share.

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



# Institutional Investor & Outside Directors Round Table



## Realizing the Brother Group Vision “At your side 2030” and Further Enhancing Corporate Value

To execute the medium-term business strategy “CS B2024,” which was formulated by backcasting from “At your side 2030,” and to realize the vision, the advice and supervision of management by Outside Directors is highly important. Aiming to deepen engagement with the capital market, Mr. Mitsuhiro Iso of Nomura Asset Management and our five Outside Directors exchanged views on how to enhance Brother’s corporate value.

**Mitsuhiro Iso** Iso joined Nomura Asset Management Co., Ltd. in 2003 after working for a life insurance company. As a buy-side analyst, he has been in charge of the electronics sector (electronic components, consumer electronics, precision and office equipment, etc.) for 20 years. Since 2022, he has been also serving as a department head.

Nomura Asset Management: Established in 1959, Nomura Asset Management is one of the largest asset management companies in Japan, providing asset management services to a wide range of clients from private investors in Japan to institutional investors such as public pension funds outside Japan. The company recognizes that medium- to long-term sustainability, including ESG, is one of the key management tasks that support the “virtuous cycle of investment (investment chain),” and requires its portfolio companies to manage their businesses with an emphasis on sustainability, while also promoting sustainability-oriented business management within the company.

### Medium-term business strategy

#### Achievements and challenges in the strategic themes outlined in “CS B2024”

**Iso** Nomura Asset Management has established a basic policy of responsible investment in its investment management and encourages portfolio companies to achieve what we consider to be “desirable management practices.” I would like to hear your thoughts on how you are monitoring the management of the Brother Group in order to enhance its corporate value and achieve sustainable growth. First, regarding the strategic themes outlined in “CS B2024,” what kind of progress and challenges have been seen in each of the two areas: enhancement of the Industrial area and business model transformation in the Printing area?

**Takeuchi** I believe it is safe to say that we are making steady advancements in the three aspects of securing steady earnings in the Printing area, expanding the industrial equipment business, and expanding the Domino Business. We are also focusing on developing new businesses; however, since it takes time and tends to be smaller-scale if we stick only to our own technologies, we need to make efforts to expand the scale of our business by incorporating new external technologies as well. This issue is being actively discussed at the Board of Directors meetings.

**Shirai** This medium-term business strategy was formulated by backcasting to achieve our vision, and is more challenging than our previous medium-term strategies, which were mere extensions of past ideas. Although the medium-term business

strategy is at the halfway point, I feel that there are many tasks that need to be accomplished in the future. My focus is on the formulation of the HR policy and the introduction of a new HR framework. The importance of taking on challenges is emphasized, and reward programs based on results have been included. The foundation for encouraging behavioral change toward achieving our vision is being laid, so it is important to make sure that it sticks.



**Uchida** After all, the key is to carefully analyze the major changes in consumer behavior and the business environment that occurred due to the impact of the COVID-19 pandemic, and to make steady progress in transforming the business

portfolio and the business model of the P&S Business in order to achieve the vision. As for the business portfolio transformation, we must strengthen the expansion into the Industrial area, shifting from the P&S Business generating the majority of our earnings. Regarding the business model transformation of the P&S Business, we still have a ways to go in shifting from a business model that sells manufacturing products to one with its primary focus on software and networks. Since industrial equipment such as machine tools is inevitably affected by economic fluctuations, I would like to see a transformation to a business that generates revenue from software and services in the area of industrial printing, centered on the Domino Business.

**Hidaka** Our concern in formulating the vision was how to transform our business portfolio and how to grow the business by anticipating the shrinking demand for printing on paper. In industrial equipment, we have remarkable development capabilities, including the launch of a new series of “SPEEDIO” products with excellent energy-saving performance. Although we are currently facing headwinds due to the Chinese economic slowdown, in India and other growth markets, we are steadily taking steps and making steady progress toward our goals. While we are still in the trial-and-error stage of business model transformation in the P&S Business, I have advised the Company to envision what is required beyond office digitalization and consider joining forces with startups and emerging forces as needed.

**Miyaki** While there are trends such as the software-first approach and the shift away from manufacturing, a return to manufacturing is also beginning to take place. To create new value by absorbing a variety of information from hardware, it is of course necessary that the hardware possesses superiority. I

hope that Brother will also place importance on manufacturing that takes advantage of its advanced technologies. While demand for printing on paper is declining, garment printers and other industrial printing solutions are competitive and can be expected to grow. As for machine tools also, Brother’s compact, high-speed, and energy-saving technologies have culminated in the “SPEEDIO” series, which fits the current demand trends for high productivity and energy-saving performance. Business opportunities are expanding to manufacturing plants around the world in addition to China, and we would like to strengthen our sales there.



**Iso** Now that you have been in your position for two years, what have you noticed through your interactions with Brother’s technical team?

**Miyaki** I have visited many manufacturing sites over the past year and was impressed by their highly advanced manufacturing technology and efficiency. The sophistication of manufacturing is outstanding. The superiority of production technology and production efficiency is indeed very important, but for further advancement, I hope that more and more enthusiastic and unique engineers will emerge and create something new.

### Toward Enhancement of Corporate Value

#### Board of Directors’ view of stock price and capital policy

**Iso** As both Brother’s earnings and stock price have remained mostly flat since 2018, it is difficult to say that the Company’s corporate value has improved. The ROE target indicated in the medium-term strategy is also status quo at 10% or above, and as an investor, I would like to see the Company aim for a higher level. How are the corporate value and stock price viewed by the Board of Directors?



**Takeuchi** We are aware of the problem that our performance is not reflected in our stock price despite our steady earnings. I believe that one of the reasons is that although we are taking on new challenges, our efforts to promote ourselves may be insufficient, perhaps due to a lack of outward communication. We need to continue our efforts to gain an understanding of investors and other stakeholders, including the results of our

## Institutional Investor & Outside Directors Round Table

business portfolio transformation. We also need to increase the speed of our efforts in new businesses. As I mentioned earlier, I believe it is necessary not only to consider what we can do with our own technologies, but also to make a decision to develop a larger business plan and acquire the necessary technologies and human resources from outside the company. I believe that if the growth stories are better understood for the transformation of the P&S Business, expansion of the Industrial Equipment Business and Industrial Printing area, followed by the development of new businesses, we will be able to see a clearer picture of the improvement in our corporate value.



**Hidaka** I suspect that some of the uncertainty about the future of the office equipment market is reflected in the share price. I believe that investors' evaluation of the Company will change once the shift to B2B, which the Company is working hard to achieve to get out of the situation, is reflected in the figures. In addition, I think it is necessary for the P&S Business to talk more ambitiously about such solutions it provides. Without a clear vision of what they want to achieve, they will not be able to gain the interest and appreciation of investors. Since there is a growing awareness of the need to make management decisions in accordance with business characteristics based on an understanding of the profitability of each business in relation to invested capital, I would like to have highly transparent discussions about capital costs and business returns at the Board of Directors meetings. Another key issue is the shareholder return policy. In "CS B2024," Brother has stated that it will return profits to shareholders through a combination of stable dividends and flexible share buy-backs. From the investor's point of view, how would you evaluate Brother's shareholder return policy?

**Iso** Since large amounts of cash are accumulated each year, we would like to see them used for growth investments, and if growth investments, including M&A, cannot be made, we would like to see them returned to shareholders. Some companies have a policy to return all cash exceeding a set amount of cash level to the shareholders. When excess capital builds up and capital efficiency declines, it also affects the value of the company.

### M&A success and up-front investment in the future

**Iso** I would like to ask you about M&A, one of the policies of Brother's medium-term business strategy. How do you evaluate Brother's M&A in the past? Also, what kind of

investments are the "prior investments for the future" indicated in the medium-term business strategy?

**Hidaka** I think that the M&A of a trading company or an investment fund is different in character from that of Brother, a manufacturer. I have a background in a trading company, and I am aware that for a trading company, it is important to firmly capture returns by using indicators such as internal rate of return (IRR) and return on invested capital (ROIC) and taking other measures. For manufacturers such as Brother, it is necessary to execute M&A in line with the Group strategy and growth story. I believe that acquiring Domino<sup>\*1</sup> and making Nissei<sup>\*2</sup> a wholly owned subsidiary were vital to our expansion into the Industrial area, and although there were some challenges in executing PMI, I believe that this experience will be useful in future M&A. As for the prior investments for the future, I believe that we need to further strengthen the utilization of outside technology and human resources through M&A and venture investments to achieve further expansion in the Industrial area, transformation in the Printing area, and the creation of new businesses for the future business portfolio.

\*1 Domino Printing Sciences, a British-based industrial printing company  
\*2 Nissei Corporation

**Shirai** Although we have received some evaluations saying that it took too long for the Domino Business to become profitable, I believe that the new technologies Brother has acquired and the growth of Brother's employees during the course of these hardships have become great assets. We can expect further results in the future.

### Management with an emphasis on sustainability

**Iso** As one of the materialities identified to achieve the Vision, Brother has been working on reducing CO<sub>2</sub> emissions. What are the progress and challenges?

**Miyaki** With regard to Scope 1 and 2 through Brother's own efforts, we are making steady progress toward our CO<sub>2</sub> emission reduction targets. Since Scope 1 and 2 emissions account for about 10% or less of the total emissions of the three scopes, we are also focusing on reducing Scope 3 emissions, and are steadily working to reduce emissions from areas where we can reduce emissions through our voluntary efforts, such as in raw material procurement and transportation. Brother will address the reduction of CO<sub>2</sub> emissions from the use of its products by further improving the environmental performance of the products, especially their energy-saving performance. Since there is no doubt about the impact of GHG emissions on climate change, humanity needs to gather its wisdom and take all possible measures as soon

as possible. I hope that Brother will not limit itself to its own reduction efforts, but as a leader of the local economy, will actively communicate and work to inspire public opinion on the issue of climate change.

**Iso** In the materiality "Realizing a diverse and active society," your goal is to strengthen talent pipeline for healthy gender balance in management positions and establish an environment for achieving diverse ways of working. How do you assess the progress and challenges?



**Shirai** We are making steady progress toward our numerical targets for female representation in management positions and the percentage of male employees taking maternity leave. With the appointment of women as executive officers of Brother Industries and presidents of Group companies, opportunities for women to participate in the decision-making process are gradually increasing. A female Outside Auditor has also been appointed, and the percentage of female officers on the Board of Directors is increasing. However, gender diversity in the decision-making process is still in its development phase, and the numerical targets remain at a level that is achievable. The ratio of female to all managers in Group companies outside Japan has reached a level of 30-40%, and I believe that there are many areas that need to be reviewed in Japan, including recruitment methods. I would like to see the Company take a bold approach with the spirit of leading the Japanese manufacturing industry in the advancement of diversity.

## Governance

### Development and utilization of managerial human resources and AI/DX human resources

**Iso** When President Sasaki took office in 2018, he stated that he would promote talent development and AI/DX, which I remember was an innovative policy at the time. How do you see the results and challenges of these initiatives?

**Uchida** Regarding the development of managerial human resources, Brother is making progress in terms of pooling managerial talents and conducting assessments incrementally. The system for developing talents through on-the-job training is quite solid, and I believe it would be even better if a dynamic talent development mechanism could be established based on this system, organically integrating off-the-job training and progressive talent assessments. On the other hand, I feel that acquiring external talents may be necessary, especially for

areas of AI and DX. Since the use of AI and DX is essential for the transformation of the P&S business model, one option to aid the lack of resources would be to invite external resources.

### Qualities and qualifications required of top management

**Iso** I assume that the Nomination Committee is discussing the top management succession. What are your thoughts on the qualities and qualifications required of top management?

**Takeuchi** I believe that as part of management, it is of course essential to have the qualities and abilities that are commonly considered necessary, such as a sense of mission and leadership, but the most important thing is the willingness to take on new challenges. You could also refer to it as a sense of proactive management. Another is whether or not they have an eye for people. Whether building an organization or working together, the people you interact with are important and you must have a good understanding of them. Then, how can one acquire the ability to recognize the qualities and abilities of the people involved? I believe that this is something that can be cultivated through interaction with a large number of people by those who have the ability to bring many people together. With this in mind, our development program for successor candidates provides them with opportunities to interact with many people through outside seminars and residential trainings. In addition, I believe that being strong, energetic, and cheerful are also important qualities.



**Iso** I feel that Brother is a company that fits the phrase "At your side." perfectly. Brother achieving high profitability as a result of the efforts to stay close to its customers, identify their needs, and successfully turn them into business is the result of its excellent corporate culture, which I hope Brother will continue to value in the future. On the other hand, I believe that Brother is now in a different phase than it has been in the past. In my view, the Company has moved from the stage where it has worked hard to deepen existing businesses to a stage where it is boldly pushing forward with growth investments, including M&A, with an emphasis on financial strategies and capital policies. I believe that once such an aggressive stance is appreciated, share price valuations will change. I expect deeper discussions to be had at the Board of Directors meetings.



Risk Management

Approach to Risk Management

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

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

Risk Management Promotion System

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

Material Risks and Their Countermeasures

Item	Main Risks	Countermeasures
Geopolitical risks	<ul style="list-style-type: none"><li>US and China trade friction</li><li>Situation in Russia and Ukraine</li></ul>	<ul style="list-style-type: none"><li>Constantly gather information on trends in a wide range of international situations, including economic sanctions and tighter regulations implemented in different countries, and make decisions according to the circumstances</li></ul>
Contraction of printing market	<ul style="list-style-type: none"><li>Contraction of the printing market due to reduced printing on paper</li></ul>	<ul style="list-style-type: none"><li>Expand business that continuously connects with customers while strengthening profitability through accelerated transformation of the business model, including expansion of contract-based services to meet the changing needs of the market</li><li>Expand the Commercial &amp; Industrial Labeling Business and Domino Business</li></ul>
Competition among companies	<ul style="list-style-type: none"><li>Increasing competition in the market due to the rise of new manufacturers in China and other countries in Asia</li></ul>	<ul style="list-style-type: none"><li>Implement initiatives for providing products and services that realize customer value in each market</li><li>Build a speedy and cost competitive business management base</li><li>Promote circular economy business from a sustainability perspective</li></ul>
Changed global economic situation	<ul style="list-style-type: none"><li>Adverse impact on performance due to business fluctuations in each region caused by changes in the situation of the global economy</li></ul>	<ul style="list-style-type: none"><li>Enhance development, production, sales and marketing, and after-sales service and maintenance</li></ul>

The Risk Management Committee meets regularly once every six months. However, we have created an emergency risk management system for responding swiftly to occurrence of a serious risk event in which the chairman will urgently convene an extraordinary meeting of the Risk Management Committee. In addition, we have established dedicated committees with respect to individual risks, including compliance, security trade, product liability, information management, safety, health, and disaster prevention, environmental laws and regulations, and supply chain, as subcommittees under the Risk Management Committee. With the Representative Director & President (or an executive officer designated by President) in charge, they make up a risk management system that understands and diminishes risks as well as responds when risks are apparent. In particular, for product safety, we have established Basic Product Safety Policies and voluntary product-safety action plans to provide safer products to customers.

Clarification of Evaluation and Responses

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

Item		Main Risks	Countermeasures
Supply chain	Supply chain interruption	<ul style="list-style-type: none"><li>A decline in procurement efficiency in the procurement of parts and materials or shutdown of manufacturing facilities due to geopolitical risks, etc.</li><li>Supply chain interruption due to disasters</li><li>Reduced operations of international logistics networks</li></ul>	<ul style="list-style-type: none"><li>Respond by production in multiple facilities, especially of consumables</li><li>Have backup production facilities and hold parts inventories</li><li>Create multiple choices in parts suppliers</li><li>Secure inventory storage space and multiplex ports in use</li><li>Implement fire prevention and disaster prevention/reduction measures in each manufacturing facility</li><li>Review inventory standards at sales locations to prevent shortages</li></ul>
	CSR procurement	<ul style="list-style-type: none"><li>Human rights issues within the supply chain</li><li>Responsible procurement of minerals</li></ul>	<ul style="list-style-type: none"><li>Revise the CSR Procurement Standards and request 1st tier suppliers to establish a process to confirm their own and their upstream suppliers' efforts to respect human rights and the status of such upstream suppliers' efforts</li><li>Strengthen systems for assessing and correcting risks in the supply chain by joining the RBA and requiring suppliers to comply with the RBA Code of Conduct</li><li>Establish the Policy on the Responsible Procurement of Minerals, conduct risk assessments based on the results of annual mineral procurement surveys, and request suppliers to avoid using smelters that are deemed to be a source of potential concern</li></ul>
Risks related to parts and materials		<ul style="list-style-type: none"><li>Difficulty procuring parts and materials</li><li>Parts and materials price hikes</li></ul>	<ul style="list-style-type: none"><li>Long-term parts arrangements and securing inventory, creating multiple choices of suppliers, and considering alternatives through product redesigns</li><li>Reflect raw material price hike risks in management plans</li><li>Accurately monitor changes in market conditions and reduce procurement costs</li></ul>
Quality, product liability		<ul style="list-style-type: none"><li>Market quality problems</li><li>Quality control</li><li>PL problems</li></ul>	<ul style="list-style-type: none"><li>Manufacture products under strict quality control standards</li><li>Take countermeasures for controlling expansion of damage when incidents occur</li></ul>
Laws and regulations	Compliance in general	<ul style="list-style-type: none"><li>Accounting fraud, misappropriation</li><li>Unfair trade practices (competition law violations)</li><li>Quality irregularity</li><li>Bribery (anti-corruption)</li></ul>	<ul style="list-style-type: none"><li>Establish employee conduct standards through the Codes of Practice in the Brother Group Global Charter (Global Charter) and carry out dissemination activities</li><li>Establish Compliance Committee and consultation centers</li></ul>
	Tax systems	<ul style="list-style-type: none"><li>Increase in tax burden due to additional tax and international double taxation</li></ul>	<ul style="list-style-type: none"><li>Respond through cooperation with external experts</li><li>Communicate with tax authorities</li><li>Use advance pricing agreements (APA)</li></ul>
Environment	Social demands related to the environment	<ul style="list-style-type: none"><li>Transition risks associated with climate change (policy and regulatory risks, market changes)</li></ul>	<ul style="list-style-type: none"><li>Establish medium-term targets for FY2030 in relation to reduction of greenhouse gas emissions and implement emissions reduction initiatives</li><li>Develop products that meet the processing needs of parts for Electric Vehicles (EVs)</li><li>Set medium-term targets for FY2030 regarding the improvement of circulation of resources, and promote the effective use of resources, resource circulation, and the expansion of secondary resource use</li><li>Analyze the financial impact of climate change based on TCFD recommendations and disclose appropriate information</li></ul>
	Environmental regulation, environmental pollution	<ul style="list-style-type: none"><li>Environmental regulation, environmental pollution</li></ul>	<ul style="list-style-type: none"><li>Comply with laws and regulations on prohibited chemical substances and controlled chemical substances in accordance with the establishment of the Brother Group Green Procurement Standards</li><li>Gather information on environmental laws and regulations in each country and region of the world and take measures in cooperation with product design-related departments to reflect them in products</li></ul>
Security trade control		<ul style="list-style-type: none"><li>Adverse impact on sales of machine tools due to strengthening of legal regulations related to security trade control</li></ul>	<ul style="list-style-type: none"><li>Maintain systems for proper compliance with laws and regulations</li><li>Strengthen the security trade control system for the whole Brother Group</li><li>Restructure the security trade control system for greater effectiveness</li></ul>
Information systems	Information security	<ul style="list-style-type: none"><li>External attacks on information systems, product information security</li></ul>	<ul style="list-style-type: none"><li>Develop information security operating rules in accordance with the Information Management Regulation, enhance management systems, and conduct internal education and training</li><li>Develop a basic policy on product information security and implement activities for improving product security in the whole Brother Group</li></ul>
	Information networks	<ul style="list-style-type: none"><li>Shutdown of critical systems and leakage of confidential information and personal information</li></ul>	<ul style="list-style-type: none"><li>Create critical systems that can minimize downtime and be restored quickly in the event of an incident</li><li>Implement security countermeasures based on multi-layered defense against unexpected intrusion or attacks from outside</li><li>Conduct organizational training on prepared responses to occurrences of internal incidents</li></ul>
Human resources	Occupational injuries, casualties	<ul style="list-style-type: none"><li>Occupational injuries</li><li>Casualties among employees due to disasters</li></ul>	<ul style="list-style-type: none"><li>Horizontal development of information on causes of accidents that have occurred and measures for preventing recurrence</li><li>Conduct safety and disaster prevention activities in each facility and check their status of implementation through factory inspections</li></ul>
	Securing human resources	<ul style="list-style-type: none"><li>Intensified competition for human resources, inability to secure necessary human resources, loss of key personnel</li></ul>	<ul style="list-style-type: none"><li>Promote evolution of personnel systems and make continual improvements to the workplace environment</li><li>Develop succession plans for key personnel</li><li>Implement activities for maintaining and improving the brand image through enhancing employee awareness and corporate public relations in accordance with the Global Charter</li></ul>
M&A (impairment risk)		<ul style="list-style-type: none"><li>Expected investment effects not obtained</li><li>Delays in business integration (post-merger integration)</li><li>Impairment of the Domino Business's goodwill and fixed assets</li></ul>	<ul style="list-style-type: none"><li>Introduce new products and strengthen the customer base in the Domino Business as a priority strategy in the current medium-term business strategy "CS B2024"</li><li>Check the asset value of goodwill and record an appropriate estimated value at least once a year</li></ul>
Currency exchange risks		<ul style="list-style-type: none"><li>Sales reductions and cost increases due to currency rate fluctuations</li></ul>	<ul style="list-style-type: none"><li>Increase the rate of linking of receipts and payments in foreign currency denominated transactions</li><li>Implement forward exchange contract transactions</li></ul>
Intellectual property		<ul style="list-style-type: none"><li>License-related disputes</li><li>Infringement by third parties, production and sale of counterfeit products</li><li>Employee invention disputes</li></ul>	<ul style="list-style-type: none"><li>Use patent licenses held in business activities</li><li>Take defense and settlement countermeasures in infringement lawsuits by third parties</li><li>Exercise intellectual property rights against infringement by third parties</li><li>Implement appropriate incentives for inventors based on invention incentive rules</li></ul>

# Compliance

## Approach to Compliance

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

## Compliance Promotion Structure

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

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

## Brother Group Global Policy for the Helpline for Compliance Issues

For the purpose of developing a mechanism to ensure that each Group company receives and deals with inquiries and reports internally and thereby improves the Company's ability to govern itself and mitigates reputational risks or the like (such risks may be caused by reporting outside the Company), the Brother Group has established a contact point to receive inquiries and reports related to compliance and has established and operates the Operation Standards of Helpline for Compliance as regulations of the Brother Group.

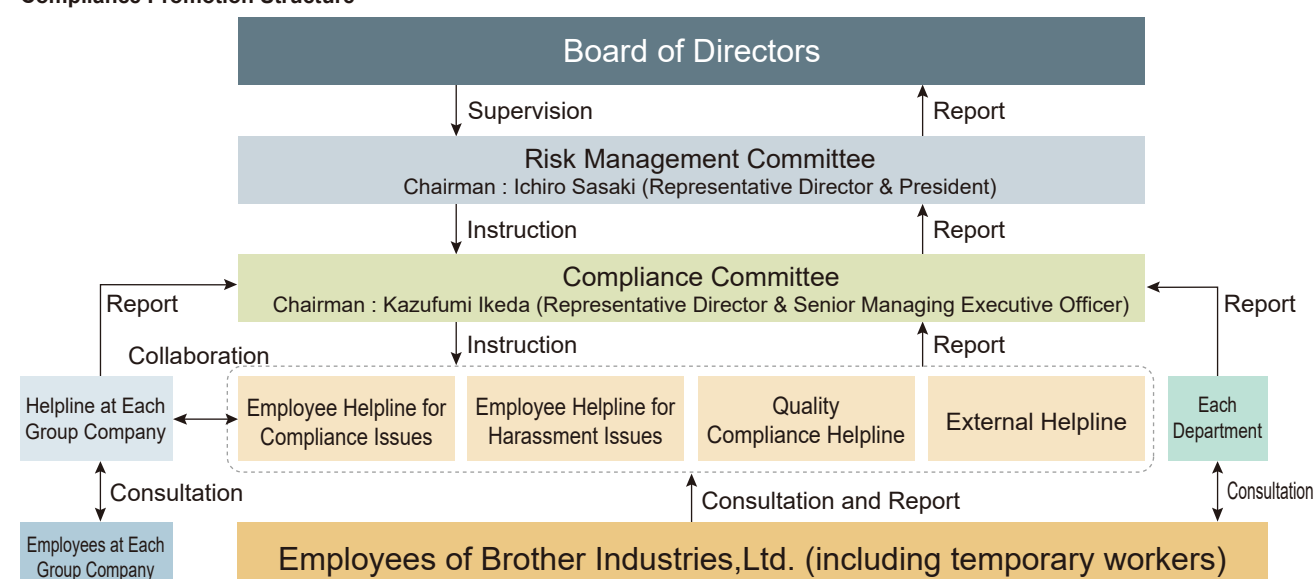
In addition, inquiries and reports received by Group companies are regularly reported to the Secretariat of the BIL Compliance Committee to centralize information and thereby implement control related to compliance across the entire Brother Group. Particularly, inquiries and reports that are likely to greatly affect the management of the Group will be reported to the Secretariat of the BIL Compliance Committee by each Group company when the primary investigation is commenced and also when the investigation is completed. BIL has formulated the "Brother Group Global Policy for Helping for Compliance Issues" to promote these approaches.

	FY2020	FY2021	FY2022
Number of cases handled by the Helpline for Compliance Issues	117	90	85
(Breakdown: BIL)	9	11	11
(Breakdown: Group companies in Japan)	61	56	47
(Breakdown: Group companies outside Japan)	47	23	27

 Brother Group Global Policy for Helpline for Compliance Issues

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

## Compliance Promotion Structure



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

### Compliance Handbook and Card

With the aim of raising employees' awareness of compliance and ethics, we have issued the Compliance Handbook (handbook) and distributed it to employees of BIL and Group companies in Japan.

In addition to the compliance codes of conduct, rules that we need to conform with as a company Group, legal compliance as well as social norms and international standards, are broadly and briefly explained in this handbook for employees' ease of understanding. This handbook is provided in electronic format, making it accessible from the intranet at any time as well as flexibly updatable.

We also distribute the Compliance Card, which helps employees decide what action to take when they are unsure about what is the right thing to do in their daily life. This card also includes contact information for the Helpline for Compliance Issues.

### Compliance Education

In Japan, we provide employees with Group training programs (orientation for new employees, new manager training, and a seminar for those who will be on an international assignment) and online training courses via our e-learning system. In addition, each Brother Group company outside Japan conduct compliance education to raise employees' awareness of compliance.

In accordance with recent trends in laws and regulations, we also look into laws and regulations and promote education and awareness-raising activities for respective Group companies in order to ensure compliance with each country's laws in areas such as bribery prevention and antimonopoly.

## Brother Group Anti-Corruption Global Policy

The Brother Group is committed to complying with relevant laws and regulations in the countries and regions in which we operate in our Brother Group Code of Conduct.

Bribery and corruption are prohibited by the laws and regulations in most countries where we operate as acts that hinder economic and social development. In our Brother Group Principles of Social Responsibility, we promise our stakeholders that we shall not engage in any form of corruption, extortion or embezzlement. However, in recent years, laws and regulations governing bribery and corruption have become increasingly stringent, and in consideration of such circumstances, we have formulated the Brother Group Anti-Corruption Global Policy to further promote our anti-corruption efforts.

 Brother Group Anti-Corruption Global Policy

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

## Anti-Corruption Measures

In the "Brother Group Principles of Social Responsibility" and the "Brother Group Anti-Corruption Global Policy," Brother Group employees are prohibited from engaging in corruption or bribery.

These policies are communicated to all Brother Group employees by posting on the external Brother Industries, Ltd. ("BIL") internet site and on the Brother Group intranet site.

In Japan, we engage in anti-corruption by distributing a compliance handbook that introduces examples of bribery and entertainment to all of Brother Group companies in Japan and provide compliance trainings for new hires and employees who are assigned overseas by BIL, as well as some of the other Brother Group subsidiaries in Japan.

Furthermore, in order to raise the awareness of compliance, BIL conducts anti-bribery training for management and staff of our Group companies.

In both FY2018 and FY2022, there were 0 (zero) employees who were fired or terminated for corrupt practices in Japan. The cost of fines or penalties related to corruption in Japan was 0 (zero) yen. In BIL, the total amount of political contributions made was also 0 (zero) yen.

In Asia, we introduced an anti-bribery checklist in FY2020 to be used by our sales facilities in the region. By utilizing the checklist, BIL works with our sales facilities in Asia to regularly check and monitor deals with third parties. Reflecting on the answers to the checklist, we added anti-bribery articles to our major contracts in FY2021. Subsequently in FY2022, some sales facilities in Asia began formulating anti-corruption policies as an effort to further reduce the bribery risk.

In the Americas, our regional headquarters conducts anti-corruption training sessions introducing case examples of situations that could constitute bribery for employees in the region. Furthermore, our regional headquarters in the Americas includes anti-corruption articles in international contracts with third parties such as new business partners outside the United States. The regional headquarters in the Americas also conducts anti-corruption screening for business partners related to purchasing and/or selling, and those who act on its behalf if located outside the United States. Business partners who are deemed to be at high risk as a result of the screening are requested to watch an anti-bribery educational movie and answer questionnaires on compliance. Furthermore, the regional headquarters in the Americas regularly monitors all business partners. When new trouble or risk is detected as a result of monitoring, measures are immediately taken against it. Specifically, the regional headquarters in the Americas will consider whether to continue business with the business partner concerned, determine whether additional due diligence is required, and introduce other measures to mitigate any negative impact on the basis of the results of the initial investigation and screening.

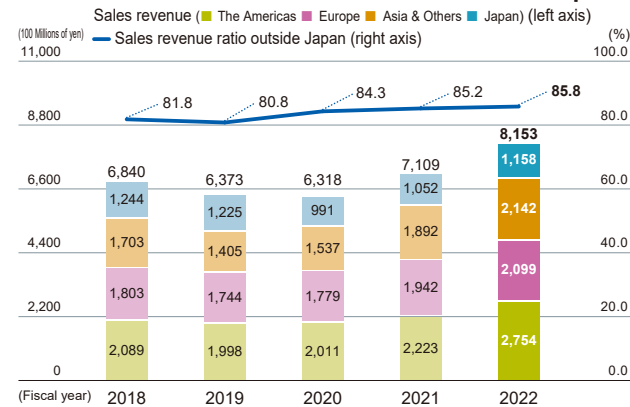
In Europe, mainly the regional headquarters conducts training for employees on a regular basis and it includes anti-bribery articles in major contracts with third parties to ensure that bribery is strictly prohibited.



# Financial and Non-Financial Highlights

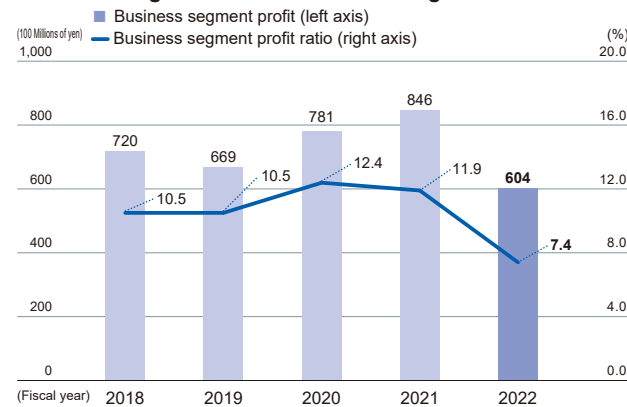
## Financial Indicators

### Sales Revenue / Sales Revenue Ratio Outside Japan



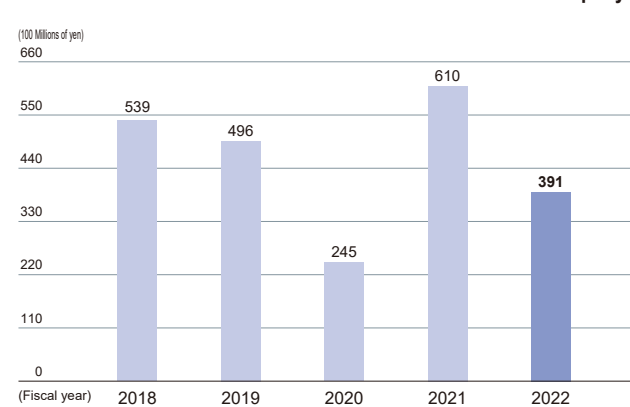
Sales revenue ratio outside Japan was high. Revenue increased due to positive FX effects and mainly steady sales in the P&S Business.

### Business Segment Profit / Business Segment Profit Ratio



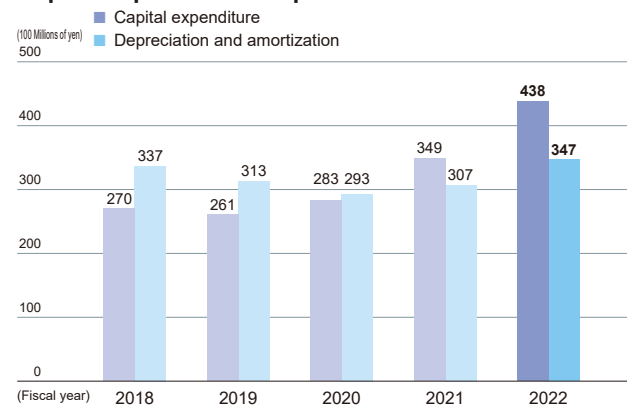
Despite effects from price adjustments mainly in the P&S Business, profit decreased due to factors such as changes in the sales ratio, an increase in SG&A, and soaring parts and materials costs.

### Profit for the Period Attributable to Owners of the Parent Company



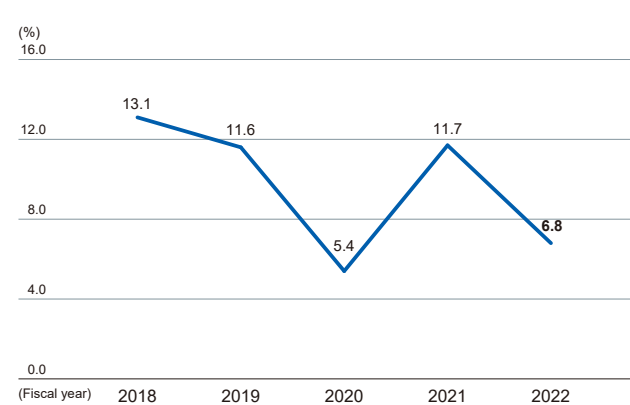
Profit decreased due to the recording of impairment losses on a part of goodwill in the Domino Business, among other factors, in addition to a decline in business segment profit.

### Capital Expenditure / Depreciation and Amortization



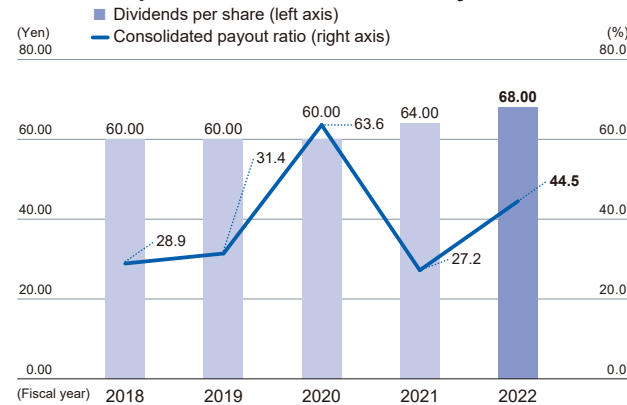
As "prior investments for the future" established in our medium-term business strategy "CS B2024," we have mainly invested in production equipment and other areas.

### ROE



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

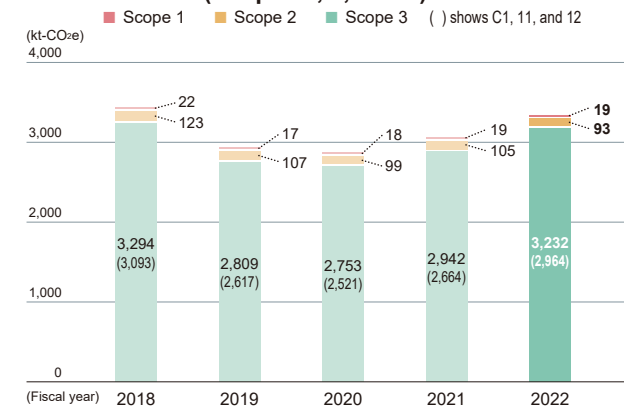
### Dividends per Share / Consolidated Payout Ratio



A dividend per share of 68 yen was instituted, up 4 yen from the previous fiscal year.

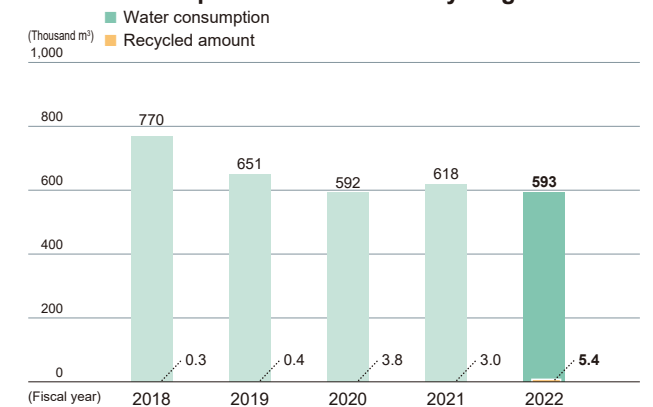
## Non-financial Indicators

### CO<sub>2</sub> Emissions (Scopes 1, 2, and 3)



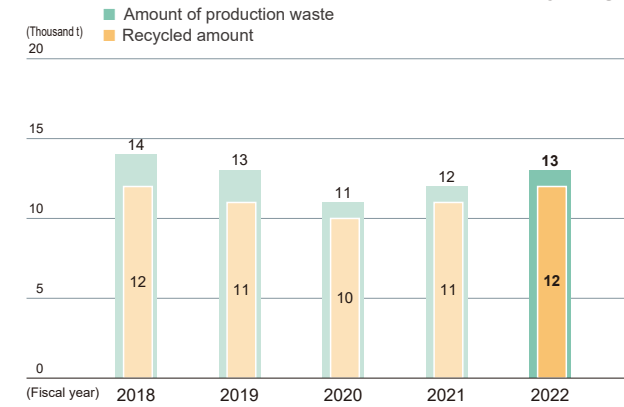
The FY2030 medium-term target for CO<sub>2</sub> emissions is 70,149t-CO<sub>2</sub>e, a 65% reduction from FY2015 for Scopes 1 and 2, and 2,096,057t-CO<sub>2</sub>e, a 30% reduction for Scope 3 (C 1, 11, 12).

### Water Consumption / Amount of Recycling



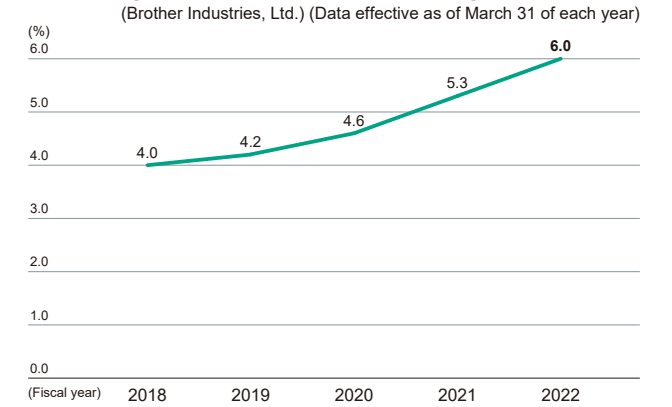
In FY2022, the amount of water intake in the Brother Group's main business sites was 593,206m<sup>3</sup> (the amount directly related to products), of which 5,385m<sup>3</sup> was recycled.

### Amount of Production Waste / Amount of Recycling



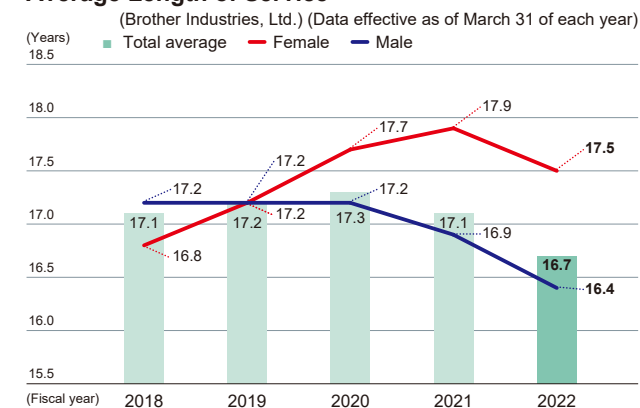
In FY2022, the amount of production waste directly related to products at the Brother Group's main business sites was 12,990t, of which 11,803t was recycled.

### Percentage of Females in Senior Management



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

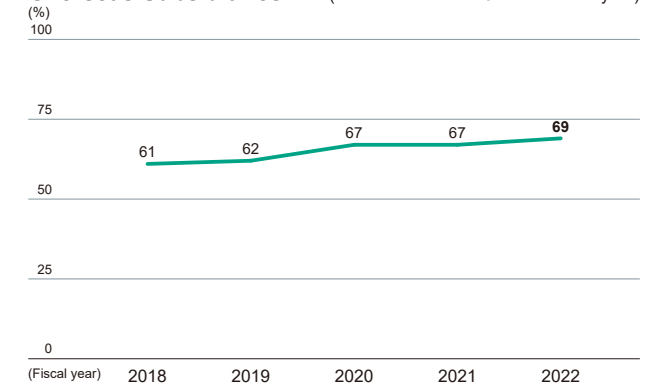
### Average Length of Service\*



The average length of service decreased due to an increase in the number of compulsory retirees and new hires; however, it is still higher than the national average of 12.3 years in the 2022 survey conducted by the Ministry of Health, Labour and Welfare.

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

### Ratio of Local Executives to Total Local Employees in Overseas Subsidiaries\*



Steady training and appointment of local executives.

\* Local executives of Domino Printing Sciences PLC and affiliated companies are excluded because they are all foreign nationals.

11-Year Data

(Millions of yen)

	JGAAP				IFRS Reference Values	IFRS						
	FY2012	FY2013	FY2014	FY2015	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating results												
Revenue / Net sales	516,066	616,834	707,237	745,888	682,119	641,185	712,997	683,972	637,259	631,812	710,938	815,269
Cost of sales	300,006	349,014	389,831	400,328	400,023	368,016	412,211	391,893	354,987	345,209	403,614	495,681
Gross profit	216,060	267,819	317,406	345,559	282,095	273,169	300,786	292,079	282,272	286,602	307,324	319,587
Selling, general, and administrative expenses	186,284	224,518	259,864	298,282	227,161	212,410	223,557	220,105	215,330	208,526	222,771	259,183
Business segment profit	—	—	—	—	54,934	60,759	77,229	71,973	66,942	78,076	84,552	60,404
Business segment profit ratio (%)	—	—	—	—	8.1	9.5	10.8	10.5	10.5	12.4	11.9	7.4
Operating profit	29,775	43,301	57,541	47,276	58,640	59,152	68,672	71,925	67,329	42,731	85,501	55,378
Operating profit ratio (%)	5.8	7.0	8.1	6.3	8.6	9.2	9.6	10.5	10.6	6.8	12.0	6.8
Ordinary profit	23,144	35,613	51,557	48,611	—	—	—	—	—	—	—	—
Profit before income taxes	27,946	33,527	65,399	49,346	57,192	61,257	69,669	72,274	67,046	42,944	86,429	56,953
Profit for the year	17,857	19,876	53,769	31,445	41,610	47,440	50,472	54,177	49,699	24,659	61,515	39,086
Profit for the year attributable to owners of the parent company	17,826	19,220	53,969	31,017	41,238	47,242	50,020	53,902	49,566	24,520	61,030	39,082
Depreciation	24,476	27,613	28,205	34,341	34,934	33,811	34,141	33,674	31,270	29,279	30,714	34,655
Capital expenditures	30,237	34,858	34,064	39,976	41,469	28,644	33,993	27,030	26,141	28,266	34,901	43,839
Research and development expenses	37,514	40,137	42,523	46,017	44,639	42,547	45,649	43,259	42,811	43,080	43,818	45,385
Debt to equity ratio (Times)	0.07	0.05	0.04	0.49	0.48	0.40	0.29	0.23	0.25	0.12	0.07	0.06
Financial position												
Total assets	421,494	469,973	567,230	667,811	675,301	674,107	708,278	708,604	731,472	743,896	811,149	850,486
Equity attributable to owners of the parent company / Net assets	278,769	308,310	367,284	339,722	333,440	345,061	395,514	424,759	428,520	483,050	561,146	596,619
Ratio of owners' equity to gross assets / Equity ratio (%)	62.4	62.0	61.7	48.2	49.4	51.2	55.8	59.9	58.6	64.9	69.2	70.2
Interest-bearing debt	19,224	14,366	15,481	158,440	158,487	137,592	116,446	96,792	107,012	57,458	40,827	37,423
Cash flows												
Net cash provided by operating activities	32,734	55,019	58,021	49,241	51,304	99,155	81,817	73,280	87,748	109,265	72,254	14,432
Net cash used in investing activities	(41,771)	(39,099)	(15,326)	(215,091)	(216,997)	(23,271)	(37,090)	(22,624)	(27,955)	(25,080)	(40,781)	(32,198)
Net cash used in financing activities	(6,413)	(13,433)	(18,451)	134,317	134,317	(30,389)	(34,551)	(39,040)	(14,916)	(74,038)	(65,191)	(36,638)
Cash and cash equivalents at the end of the year	55,059	68,934	104,732	66,690	67,387	112,032	121,384	131,152	168,422	191,002	167,915	119,042
Information per share												
Owners' equity per share (Yen)	985.85	1,097.01	1,348.69	1,240.77	1,284.27	1,328.97	1,523.09	1,635.22	1,649.22	1,858.28	2,170.46	2,334.34
Basic earnings per share for the year (Yen)	66.65	72.2	206.68	119.47	158.83	181.96	192.63	207.54	190.80	94.36	234.89	152.67
Diluted earnings per share for the year (Yen)	66.54	72.06	206.24	119.19	158.47	181.46	192.08	206.90	190.21	94.07	234.18	152.22
Price-earnings ratio (Times)	14.8	20.0	9.3	10.8	8.1	12.8	12.8	9.9	8.7	26.0	9.5	13.0
Dividend per share (Yen)	24	24	30	36	36	42	54	60	60	60	64	68
Consolidated payout ratio (%)	36.0	33.2	14.5	30.1	22.7	23.1	28.0	28.9	31.4	63.6	27.2	44.5
Profitability												
Return on equity (ROE) (%)	7.2	6.9	16.8	9.2	12.1	13.9	13.5	13.1	11.6	5.4	11.7	6.8
Return on assets (ROA) (%)	4.5	4.3	10.4	5.0	6.7	7.0	7.2	7.6	6.9	3.3	7.8	4.7
Major Non-Financial Indicators												
Number of Group employees	31,694	33,118	34,988	36,307	36,379	36,929	38,628	37,769	37,697	38,741	41,215	41,653

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



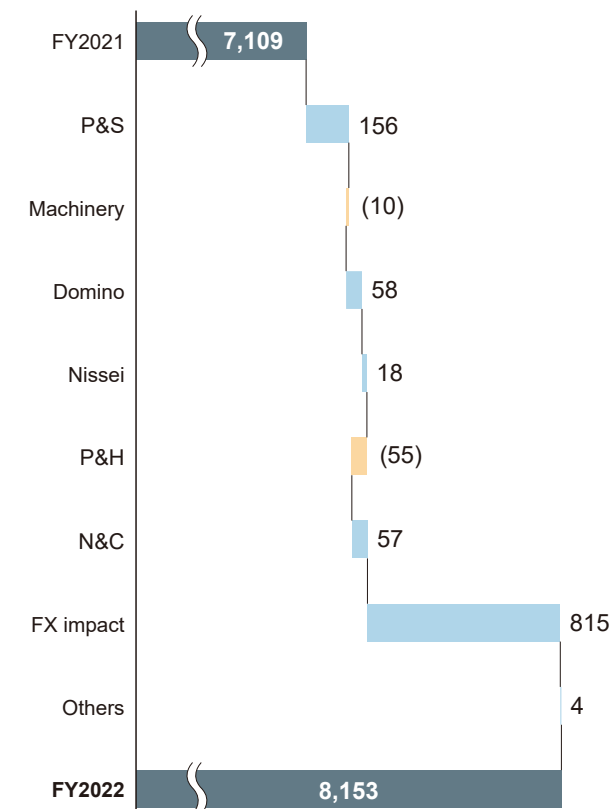
## Financial Review

### Performance in FY2022, the Year ended March 2023

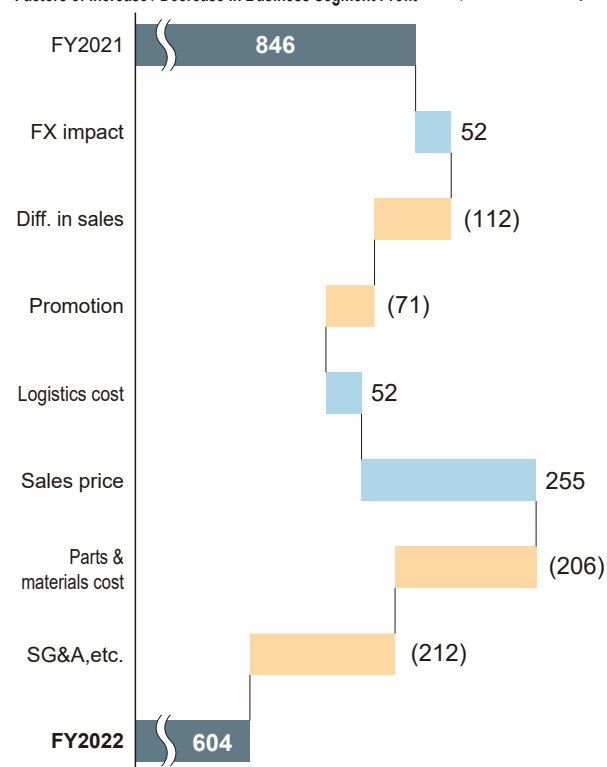
In FY2022, while the impact of COVID-19 on economic activity was lessening, the economic outlook remained uncertain due to factors such as the protracted crisis in Ukraine, soaring prices for parts and materials and energy, and rising inflation worldwide.

With regard to the consolidated business results of the Brother Group for FY2022, the P&S Business saw an increase in revenue in the printing market as the sales of product units performed well due to positive FX effects and the easing of supply constraints caused by shortage of parts and materials, despite a slowdown in demand associated with remote work as the new work style with COVID-19 became more established. Sales of industrial equipment in the Machinery Business increased due to firm demand from the automobile and general machinery market, despite the impact of supply constraints caused by parts and materials shortages. Sales revenue of industrial sewing machines was at the same level as the previous fiscal year due to positive FX effects, despite a decrease in demand for capital investment in apparel for the Asian market. The Domino Business achieved an increase in revenue mainly due to steady sales of consumable goods. In the Nissei Business, revenue increased as capital investment demand grew in response to expanding needs for factory automation, etc. In the P&H Business, although the stay-at-home demands for household sewing machines settled, revenue was at the same level as the previous fiscal year due to positive FX effects. In the N&C Business, sales in the domestic karaoke market increased due to a recovery in the number of customers following the easing of movement restrictions.

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



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



As a result of these factors, sales revenue increased 14.7% year-on-year to 815,269 million yen. On the other hand, business segment profit decreased 28.6% year-on-year to 60,404 million yen, mainly due to factors in the P&S Business such as the lower gross profit caused by a change in the sales ratio of hardware and consumables, increases in SG&A expenses, as well as a surge in parts and materials costs, despite effects from price adjustments. Operating profit decreased 35.2% year-on-year to 55,378 million yen, and profit for the fiscal year attributable to owners of the parent company decreased 36.0% year-on-year to 39,082 million yen, mainly as a result of recording an impairment loss on a part of goodwill in the Domino Business, despite a gain on the sale of fixed assets.

### Analysis of Financial Position

Cash and cash equivalents decreased by 48,872 million yen, while trade and other receivables and inventories increased by 20,575 million yen and 52,549 million yen, respectively. As a result, total assets were 850,486 million yen, an increase of 39,336 million yen compared to the end of FY2021.

Corporate bonds and borrowings decreased due to the repayment of loans and other factors, while trade and other payables increased, and as a result, total liabilities were 253,806 million yen, an increase of 3,868 million yen compared to the end of FY2021.

Total equity increased by 35,468 million yen compared to the end of FY2021 to 596,680 million yen, mainly due to an increase in retained earnings from profit attributable to owners of the parent company and an increase in exchange differences on translating foreign operations.

### Statement of Financial Position (Excerpt)

(100 Millions of yen)

	End of FY2021	End of FY2022	Change
Current assets	4,767	5,117	350
Cash & cash equivalents	1,679	1,190	(489)
Inventories	1,696	2,221	526
Non-current assets	3,344	3,387	43
Total liabilities	2,499	2,538	39
Interest-bearing debt	408	374	(34)
Equity attributable to owners of the parent company	5,611	5,966	355
Total assets	8,111	8,505	393

### Analysis of Cash Flows

Cash and cash equivalents at the end of FY2022 were 119,042 million yen, a decrease of 48,872 million yen compared to the end of FY2021, as a result of a 14,432 million yen increase in flows from operating activities, a 32,198 million yen decrease from investing activities, and a 36,638 million yen decrease from financing activities.

### Cash Flows Provided by Operating Activities

Cash flows provided by operating activities were 14,432 million yen. This was mainly caused by a decrease in funds of 54,203 million yen due to a decrease in working capital, and a decrease in funds of 35,304 million yen due to income taxes paid, despite an increase in funds as a result of 56,953 million yen in profit before income taxes, and increases in assets from non-monetary losses including depreciation and amortization of 42,575 million yen.

### Cash Flows from Investing Activities

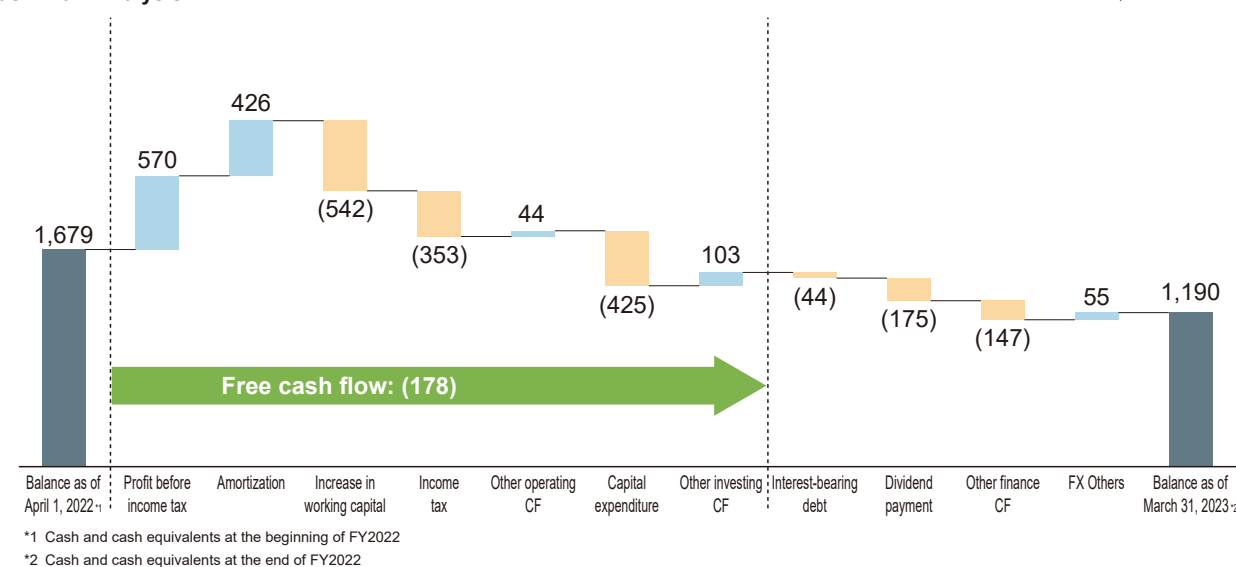
Cash flows used in investing activities were 32,198 million yen mainly due to purchases of property, plant and equipment of 31,191 million yen and purchases of intangible assets of 11,291 million yen, despite the proceeds from sales of investment properties of 6,500 million yen.

### Cash Flows from Financing Activities

Cash flows used in financing activities were 36,638 million yen mainly due to the repayment of long-term borrowings of 19,997 million yen, the repayment of lease obligations of 7,690 million yen, the payment of dividends of 17,510 million yen, and the acquisition of treasury stock of 7,003 million yen, despite proceeds from short-term borrowings of 15,571 million yen.

### Cash Flow Analysis

(100 Millions of yen)



# Consolidated Financial Statements

## Consolidated Statement of Financial Position

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	167,915	<b>119,042</b>
Trade and other receivables	102,685	<b>123,260</b>
Other financial assets	11,419	<b>10,867</b>
Inventories	169,583	<b>222,133</b>
Other current assets	24,843	<b>36,441</b>
Subtotal	476,447	<b>511,746</b>
Non-current assets classified as held for sale	297	<b>—</b>
Total current assets	476,745	<b>511,746</b>
Non-current assets		
Property, plant and equipment	117,127	<b>128,496</b>
Right-of-use assets	21,136	<b>25,002</b>
Investment property	7,858	<b>6,217</b>
Goodwill and intangible assets	121,689	<b>114,220</b>
Investments accounted for using the equity method	1,862	<b>2,006</b>
Other financial assets	33,389	<b>29,497</b>
Deferred tax assets	21,261	<b>20,818</b>
Other non-current assets	10,078	<b>12,480</b>
Total non-current assets	334,404	<b>338,740</b>
Total assets	811,149	<b>850,486</b>

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	71,247	<b>82,755</b>
Bonds and borrowings	20,121	<b>36,823</b>
Other financial liabilities	9,517	<b>9,387</b>
Income tax payables	14,084	<b>5,472</b>
Provisions	3,211	<b>4,031</b>
Contract liabilities	7,807	<b>6,556</b>
Other current liabilities	53,516	<b>56,249</b>
Total current liabilities	179,506	<b>201,276</b>
Non-current liabilities		
Bonds and borrowings	20,705	<b>600</b>
Other financial liabilities	20,379	<b>23,105</b>
Retirement benefits liabilities	16,366	<b>14,997</b>
Provisions	2,972	<b>3,593</b>
Deferred tax liabilities	7,207	<b>7,055</b>
Contract liabilities	1,600	<b>2,049</b>
Other non-current liabilities	1,197	<b>1,127</b>
Total non-current liabilities	70,431	<b>52,529</b>
Total liabilities	249,937	<b>253,806</b>
Equity		
Capital stock	19,209	<b>19,209</b>
Capital surplus	17,866	<b>17,849</b>
Retained earnings	554,910	<b>568,055</b>
Treasury stock	(5,428)	<b>(3,533)</b>
Other components of equity	(25,411)	<b>(4,962)</b>
Equity attributable to owners of the parent company	561,146	<b>596,619</b>
Non-controlling interests	65	<b>60</b>
Total equity	561,211	<b>596,680</b>
Total equity and liabilities	811,149	<b>850,486</b>



## Consolidated Financial Statements

## Consolidated Statement of Income

(Millions of yen)

	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023)
Revenue	710,938	<b>815,269</b>
Cost of sales	(403,614)	<b>(495,681)</b>
Gross profit	307,324	<b>319,587</b>
Selling, general and administrative expenses	(222,771)	<b>(259,183)</b>
Other income	5,621	<b>9,544</b>
Other expenses	(4,672)	<b>(14,570)</b>
Operating profit	85,501	<b>55,378</b>
Finance income	4,079	<b>6,306</b>
Finance expenses	(3,338)	<b>(4,983)</b>
Share of profit / (loss) of investments accounted for using the equity method	186	<b>251</b>
Profit before income taxes	86,429	<b>56,953</b>
Income tax expenses	(24,914)	<b>(17,866)</b>
Profit for the year	61,515	<b>39,086</b>
Profit for the year attributable to:		
Owners of the parent company	61,030	<b>39,082</b>
Non-controlling interests	484	<b>4</b>
Profit for the year	61,515	<b>39,086</b>
Earnings per share		
Basic earnings per share (Yen)	234.89	<b>152.67</b>
Diluted earnings per share (Yen)	234.18	<b>152.22</b>

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023)
Profit for the year	61,515	<b>39,086</b>
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Gains / (Losses) on investments in equity instruments designated as FVTOCI	(3,234)	<b>(950)</b>
Remeasurement of the net defined benefit liability (asset)	3,831	<b>1,314</b>
Share of other comprehensive income of investments accounted for using the equity method	(0)	<b>(0)</b>
Total of items that will not be reclassified subsequently to profit or loss	597	<b>363</b>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	35,622	<b>20,449</b>
Total of items that may be reclassified subsequently to profit or loss	35,622	<b>20,449</b>
Other comprehensive income for the year, net of income tax	36,219	<b>20,813</b>
Comprehensive income for the year	97,734	<b>59,900</b>
Comprehensive income for the year attributable to:		
Owners of the parent company	97,231	<b>59,896</b>
Non-controlling interests	503	<b>3</b>
Comprehensive income for the year	97,734	<b>59,900</b>

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

FY2021 (Year Ended March 31, 2022)

(Millions of yen)											
	Equity attributable to owners of the parent company								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity						
					Exchange differences on translating foreign operations	Gains / (losses) on investments in equity instruments designated as FVTOCI	Remeasurement of the net defined benefit liability (asset)	Total			
Balance as of April 1, 2021	19,209	17,652	509,662	(2,477)	(60,998)	—	—	(60,998)	483,050	16,657	499,707
Profit for the year	—	—	61,030	—	—	—	—	—	61,030	484	61,515
Other comprehensive income / (loss)	—	—	—	—	35,586	(3,216)	3,830	36,200	36,200	18	36,219
Total comprehensive income / (loss) for the year	—	—	61,030	—	35,586	(3,216)	3,830	36,200	97,231	503	97,734
Acquisition of treasury stock	—	—	—	(3,009)	—	—	—	—	(3,009)	—	(3,009)
Disposal of treasury stock	—	(54)	—	57	—	—	—	—	3	—	3
Dividends paid	—	—	(16,397)	—	—	—	—	—	(16,397)	(249)	(16,647)
Share-based payment transaction	—	117	—	—	—	—	—	—	117	—	117
Changes in ownership interest in subsidiaries	—	149	—	—	—	—	—	—	149	(16,845)	(16,695)
Reclassification to retained earnings	—	—	614	—	—	3,216	(3,830)	(614)	—	—	—
Total transactions with owners	—	213	(15,783)	(2,951)	—	3,216	(3,830)	(614)	(19,135)	(17,094)	(36,230)
Balance as of March 31, 2022	19,209	17,866	554,910	(5,428)	(25,411)	—	—	(25,411)	561,146	65	561,211

FY2022 (Year Ended March 31, 2023)

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

Consolidated Statement of Cash Flows

(Millions of yen)		
	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	86,429	56,953
Depreciation and amortization	38,700	42,575
Impairment losses	2,123	11,063
Finance expenses / (income)	(740)	(1,323)
Share of (profit) / loss of investments accounted for using the equity method	(186)	(251)
Losses / (gains) on sale or disposal of fixed assets	670	(4,514)
Decrease / (increase) in trade and other receivables	(2,954)	(16,125)
Decrease / (increase) in inventories	(37,964)	(44,252)
Increase / (decrease) in trade and other payables	12,450	6,174
Decrease / (increase) in retirement benefit assets	(1,748)	(1,735)
Increase / (decrease) in retirement benefit liabilities	(3,646)	(2,103)
Other	2,562	1,636
Subtotal	95,695	48,097
Interest received	1,231	2,222
Dividends received	330	402
Interest paid	(756)	(984)
Income taxes paid	(24,245)	(35,304)
Net cash provided by operating activities	72,254	14,432
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(26,606)	(31,191)
Proceeds from sales of property, plant and equipment	1,019	759
Purchases of intangible assets	(9,236)	(11,291)
Proceeds from sales of investment properties	—	6,500
Purchases of investments in equity instruments	(1,244)	(1,059)
Proceeds from sales of investments in equity instruments	10	10
Purchases of investments in debt instruments	(9,297)	(3,251)
Proceeds from sales or redemption of investments in debt instruments	5,880	7,695
Other	(1,305)	(370)
Net cash used in investing activities	(40,781)	(32,198)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	—	15,571
Proceeds from long-term borrowings	200	—
Repayment of long-term borrowings	(20,197)	(19,997)
Repayment of lease obligations	(8,825)	(7,690)
Dividends paid	(16,397)	(17,510)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(16,715)	—
Purchase of treasury stock	(3,005)	(7,003)
Dividends paid to non-controlling interests	(249)	(8)
Other	(0)	0
Net cash used in financing activities	(65,191)	(36,638)
Effect of exchange rate changes on cash and cash equivalents	10,630	5,531
Net increase / (decrease) in cash and cash equivalents	(23,087)	(48,872)
Cash and cash equivalents at the beginning of the year	191,002	167,915
Cash and cash equivalents at the end of the year	167,915	119,042



## Corporate Information

### Corporate Profile (As of March 31, 2023)

Company Name :	BROTHER INDUSTRIES, LTD.
Date of Incorporation :	January 15, 1934
Paid-in Capital :	19,209 million yen
Head Office :	15-1 Naeshiro-cho, Mizuho-ku, Nagoya, Aichi 467-8561, Japan
Number of Employees :	Consolidated 41,653 / Non-consolidated 3,890
Number of Consolidated Subsidiaries :	106 companies
Entities Accounted for Using the Equity Method :	7 companies
Fiscal Year :	From April 1 to March 31 of the following year
Month of the Ordinary General Meeting of Shareholders :	June
Total Number of Shares Issued :	257,755,930 shares
Number of Shareholders :	18,101
Listed Stock Exchanges :	Tokyo / Nagoya

### Major External Evaluations



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index



2023  
Sompo Sustainability Index



2023  
健康経営優良法人  
Health and productivity  
ホワイト500



2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

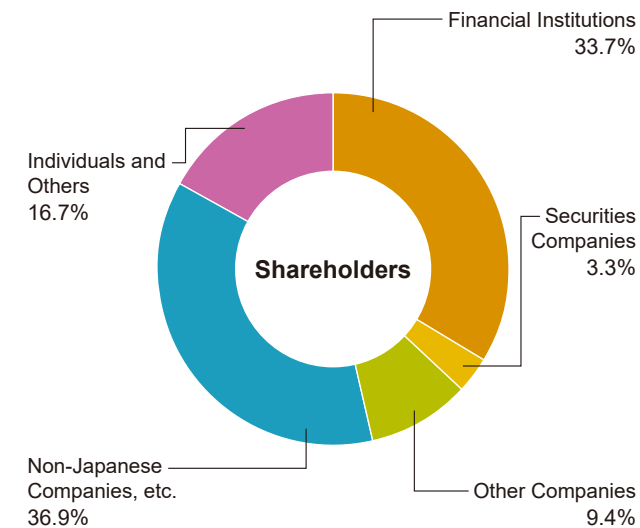
2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

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## Stock Information (As of March 31, 2023)

### Stock Distribution



### Major Shareholders (Top 10)

Name of Shareholder	Number of shares held (1,000 shares)	Percentage of shares held (%) *
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,042	15.24
Custody Bank of Japan, Ltd. (Trust Account)	12,484	4.87
SSBTC CLIENT OMNIBUS ACCOUNT	11,984	4.68
Nippon Life Insurance Company	8,848	3.45
Sumitomo Mitsui Banking Corporation	5,398	2.11
Brother Employees Shareholding Plan	4,626	1.81
Sumitomo Life Insurance Company	4,499	1.76
STATE STREET BANK WEST CLIENT - TREATY 505234	4,169	1.63
JP MORGAN CHASE BANK 385781	3,118	1.22
STATE STREET BANK AND TRUST COMPANY 505103	3,041	1.19

\* The percentage of shares held is calculated after deducting the number of shares of treasury stock (1,565 thousand shares) from the total number of shares issued. Furthermore, treasury stock (1,565 thousand shares) does not include the number of shares of the Company held by the officer compensation BIP trust (258 thousand shares).

### Credit Ratings

Rating and Investment Information, Inc.: A (Positive) (As of October 5, 2023)

### Stock Overview

#### Share Price and Volume Transition

