

Fiscal Year 2021 (ending March 31, 2022)

Second Quarter Financial Results

Brother Industries, Ltd.

November 8, 2021

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

Results for FY2021 Q2 (Jul.-Sep.)

Revenue increased, due mainly to strong performance of the Machinery business in addition to positive FX effects

Business segment profit reached to the same level as the previous year, which was an all-time high for Q2

◆ **Sales revenue** **176.5 billion yen/ +12.5% (year-on-year)**

- ✓ In the P&S business, despite supply restrictions, revenue increased due to strong demand for hardware products for people working from home, firm performance of consumables, and positive FX effects.
- ✓ The Machinery business recorded a substantial increase in revenue, mainly as a result of strong performance by machine tools in China and recovery of demand for capital investment in industrial sewing machines among apparel manufacturers.

◆ **Business segment profit** **23.2 billion yen/ -0.6% (year-on-year)**

- ✓ Despite higher gross profit in the Machinery and P&S businesses and positive FX effects, business segment profit was flat year-on-year due to high logistics costs and parts and materials costs.

Forecast for FY2021

The forecast for each measure of profit has been revised upward in response to positive FX effects and higher profit in the P&S business, mainly in Q2

Results for FY2021 Q2 (Jul.-Sep.)

Consolidated Results for FY2021 Q2

Due to strong performance, mainly in the Machinery business, as well as positive FX effects, revenue was up
Business segment profit reached to the same level as the previous year, which was an all-time high for Q2

(100 Millions of Yen)

	20Q2	21Q2	Change	Rate of Change (w/o FX)
Sales Revenue	1,569	1,765	196	12.5% (+7.3%)
Business Segment Profit	234	232	-1	-0.6%
Business Segment Profit Ratio	14.9%	13.2%		
Other income/expense	-1	15	16	
Operating Profit	233	247	15	6.3%
Operating Profit Ratio	14.8%	14.0%		
Income before Tax	232	248	17	7.2%
Net Income	181	182	1	0.6%
USD	105.88	110.47		
EUR	123.71	130.31		

Results for FY2021 Q2 by Business Segment

(100 Millions of Yen)

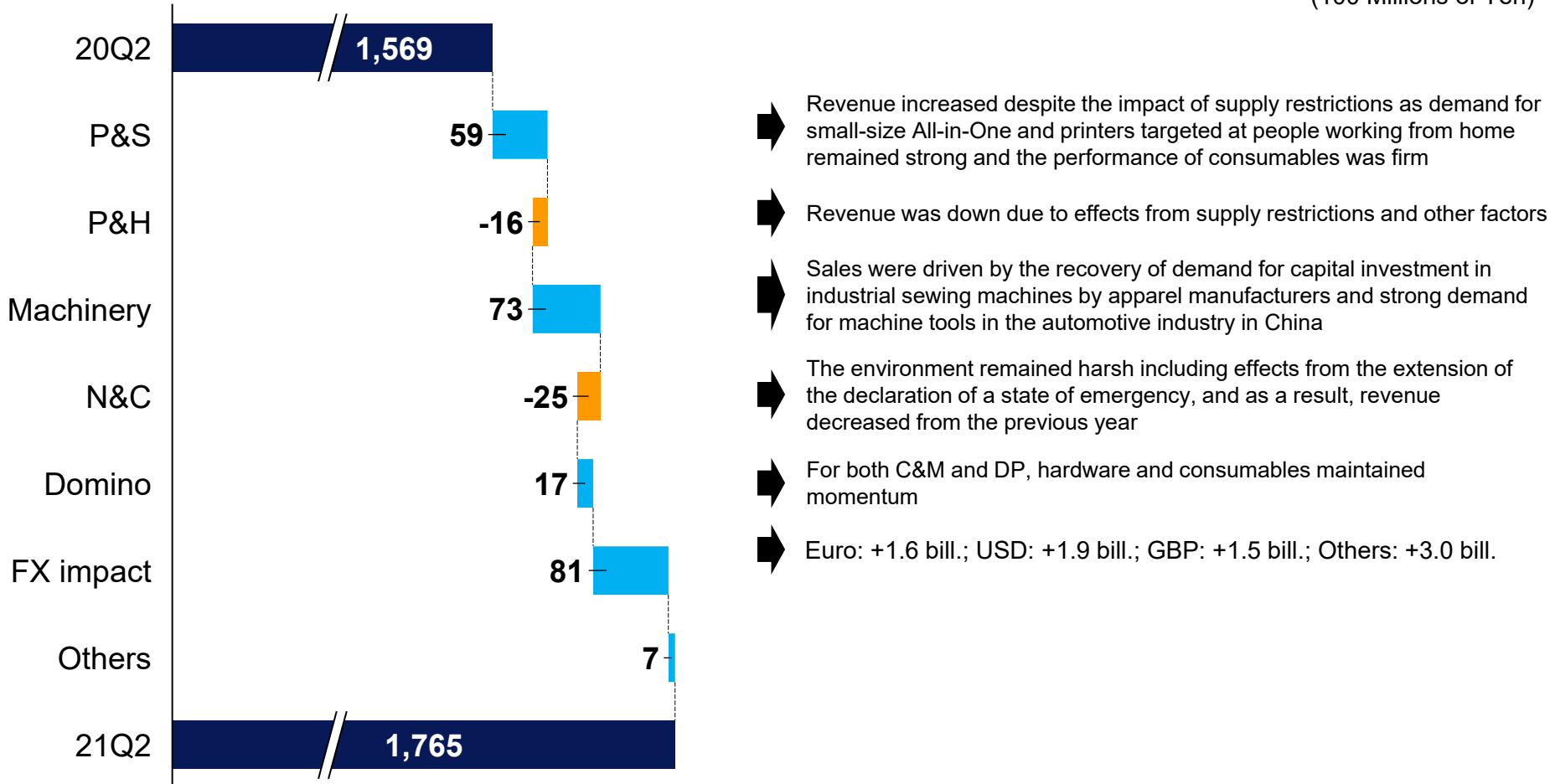
		20Q2	21Q2	change
Printing & Solutions	Sales Revenue	950	1,061	111
	Business Segment Profit	189	159	-30
	Operating Profit	186	164	-22
Personal & Home	Sales Revenue	144	134	-10
	Business Segment Profit	27	26	-1
	Operating Profit	26	28	2
Machinery	Sales Revenue	189	271	82
	Business Segment Profit	8	36	28
	Operating Profit	9	37	28
Network & Contents	Sales Revenue	88	64	-25
	Business Segment Profit	-4	-12	-8
	Operating Profit	0	-5	-6
Domino business	Sales Revenue	173	204	31
	Business Segment Profit	16	22	6
	Operating Profit	12	22	10
Other	Sales Revenue	24	31	7
	Business Segment Profit	-2	1	3
	Operating Profit	-1	3	4
Total	Sales Revenue	1,569	1,765	196
	Business Segment Profit	234	232	-1
	Operating Profit	233	247	15

*Not including elimination amount by inter-segment transaction.

Main Factors for Changes in Sales Revenue

The Machinery and P&S businesses were firm and due in part to positive FX effects, revenue was higher

(100 Millions of Yen)

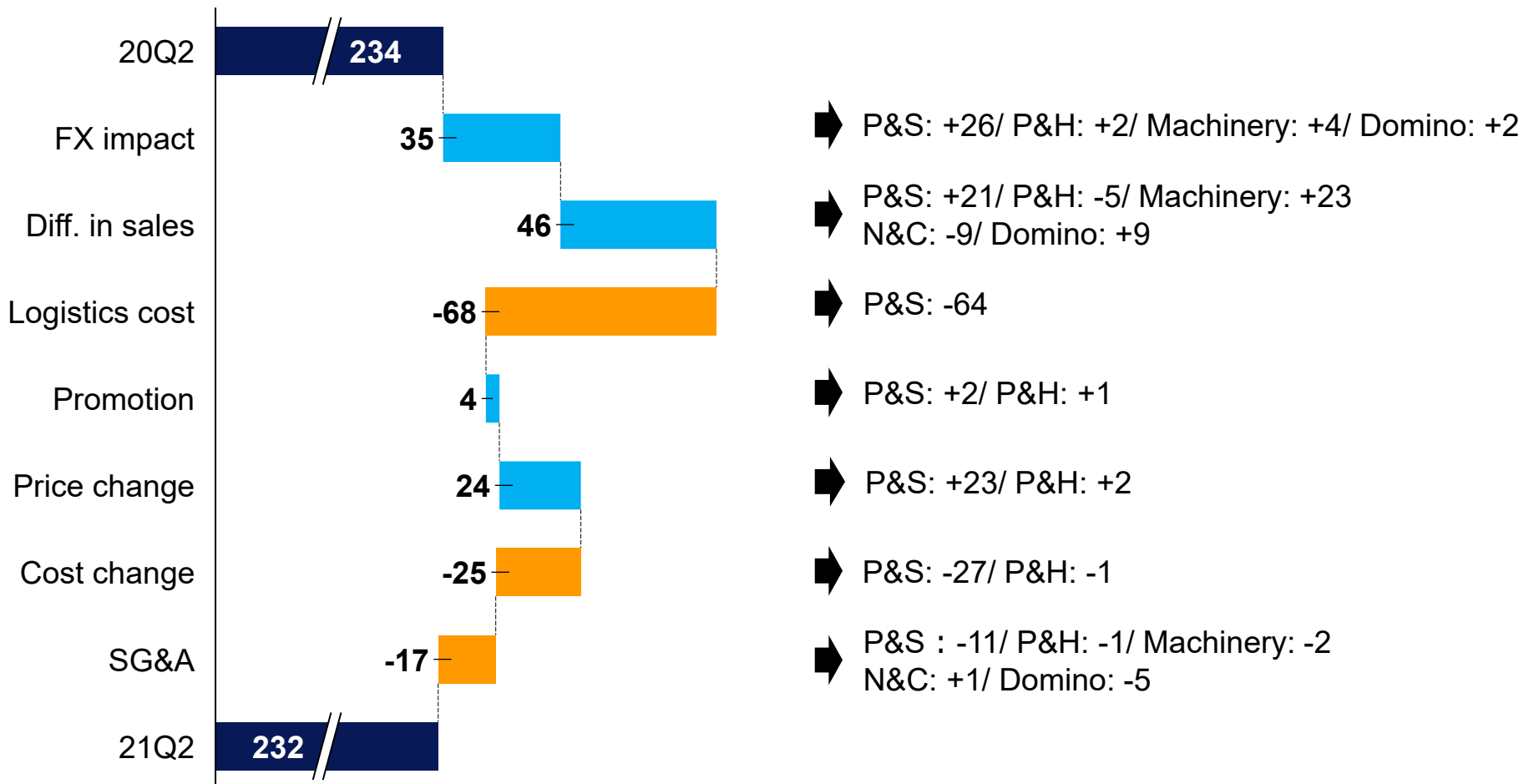


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Despite increased gross profit in the Machinery and P&S businesses and positive FX effects, business segment profit was flat from the previous year due to higher logistics costs and parts and materials costs

(100 Millions of Yen)



Results for FY2021 First Half (Apr.-Sep.)

Consolidated Results for FY2021 1H

Results improved from FY2020 Q2, which was significantly affected by COVID-19, with revenue and each measure of profit reaching all-time highs for 1H (since the transition to IFRS)

(100 Millions of Yen)

	FY20 1H	FY21 1H	Change	Rate of Change (w/o FX)
Sales Revenue	2,901	3,505	605	20.8% (+14.4%)
Business Segment Profit	320	494	174	54.4%
Business Segment Profit Ratio	11.0%	14.1%		
Other income/expense	5	18	12	
Operating Profit	325	512	187	57.4%
Operating Profit Ratio	11.2%	14.6%		
Income before Tax	326	516	189	58.0%
Net Income	247	368	121	49.1%
USD	106.68	110.18		
EUR	121.36	130.97		

Results for FY2021 1H by Business Segment

(100 Millions of Yen)

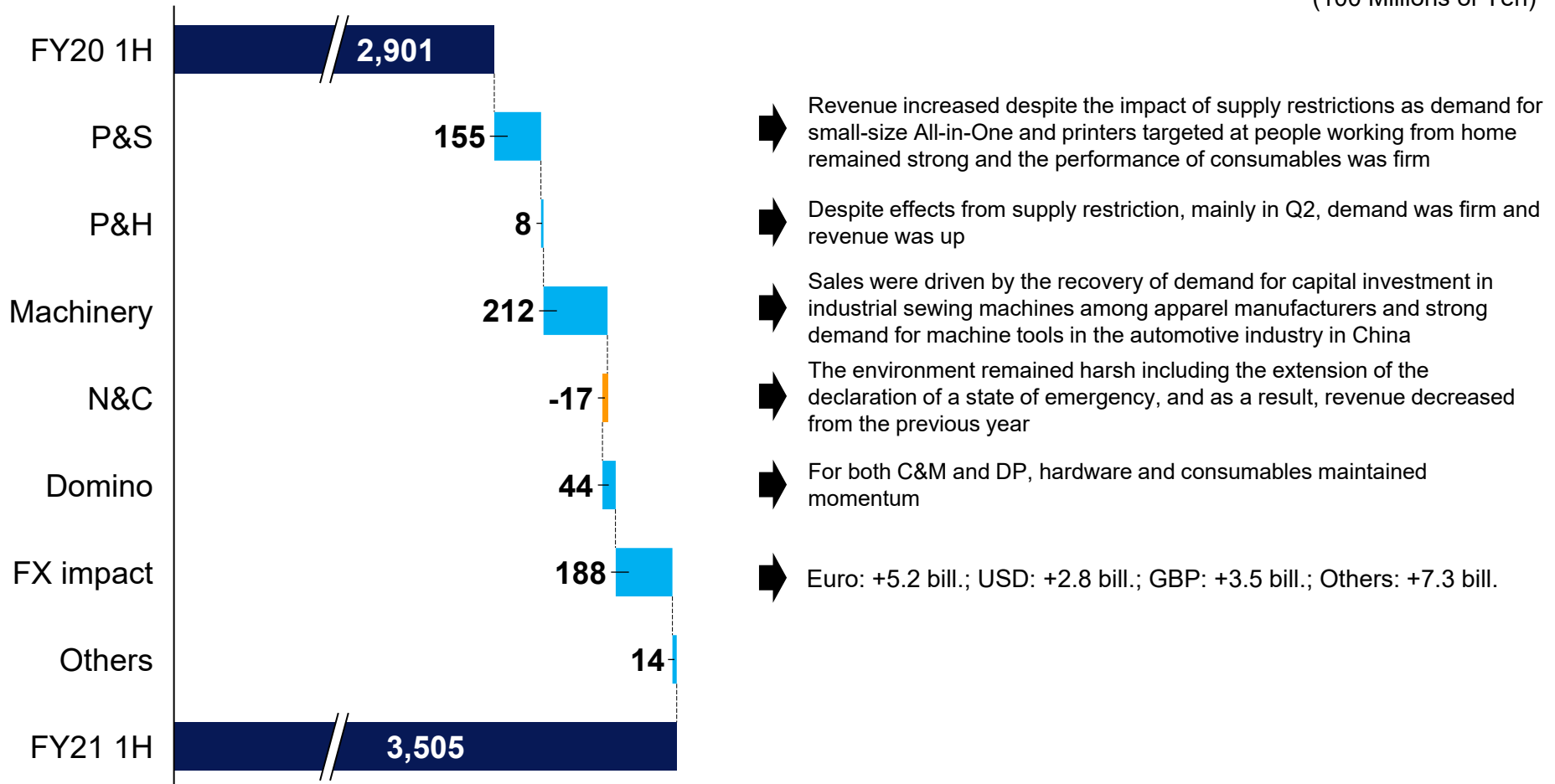
		FY20 1H	FY21 1H	change
Printing & Solutions	Sales Revenue	1,779	2,052	272
	Business Segment Profit	283	323	40
	Operating Profit	287	327	40
Personal & Home	Sales Revenue	252	275	23
	Business Segment Profit	41	58	17
	Operating Profit	40	58	18
Machinery	Sales Revenue	340	575	236
	Business Segment Profit	7	88	81
	Operating Profit	5	88	83
Network & Contents	Sales Revenue	150	133	-17
	Business Segment Profit	-27	-20	7
	Operating Profit	-22	-9	14
Domino business	Sales Revenue	327	403	77
	Business Segment Profit	20	43	23
	Operating Profit	14	43	28
Other	Sales Revenue	52	66	14
	Business Segment Profit	-2	3	5
	Operating Profit	2	5	3
Total	Sales Revenue	2,901	3,505	605
	Business Segment Profit	320	494	174
	Operating Profit	325	512	187

*Not including elimination amount by inter-segment transaction.

Main Factors for Changes in Sales Revenue

Sales recovered from FY2020 1H, which was significantly affected by COVID-19, and were firm
 With positive FX effects, revenue was up significantly

(100 Millions of Yen)

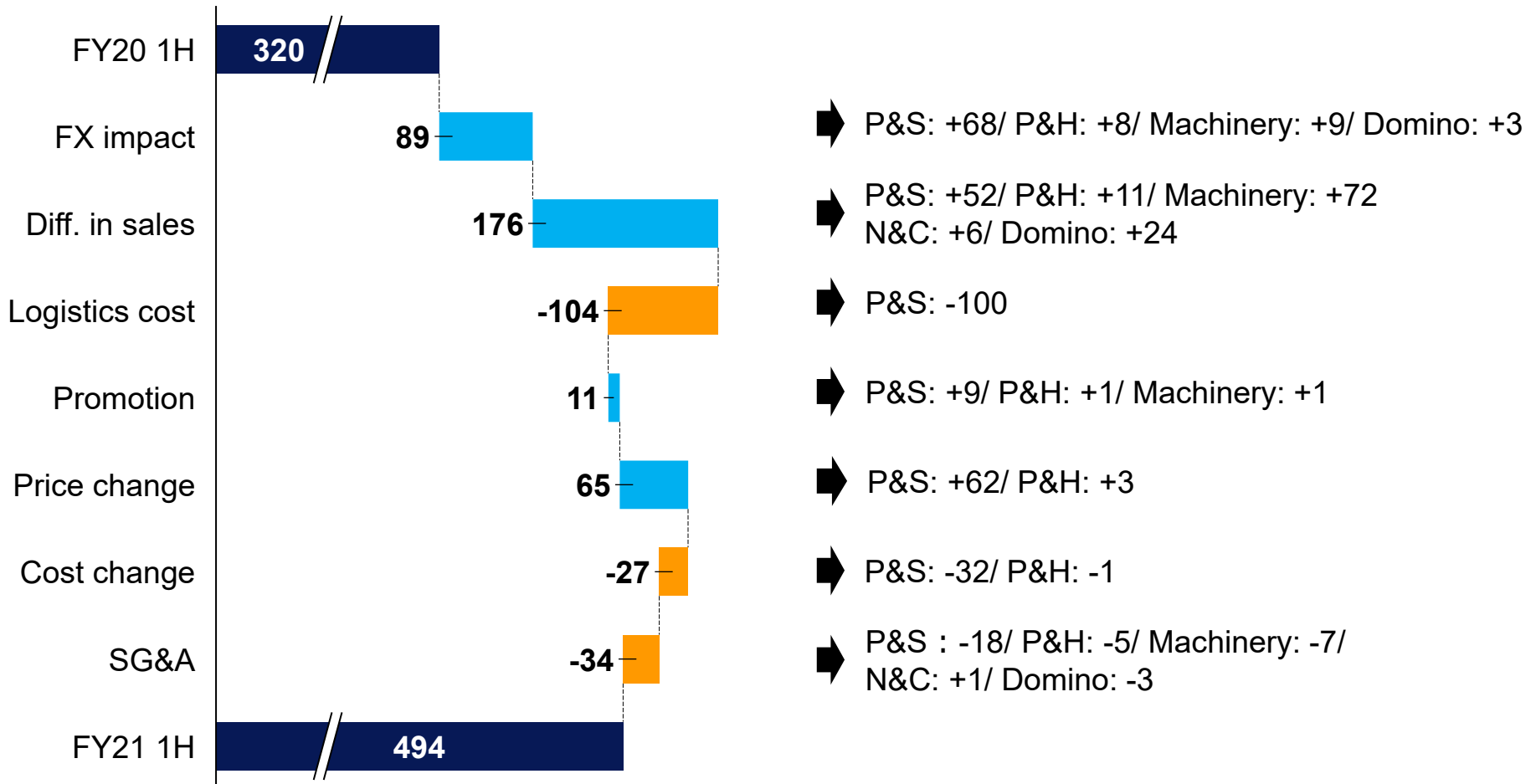


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Profit increased substantially due to increased gross profit in the Machinery and P&S businesses and higher average unit price in the P&S business in addition to positive FX effects

(100 Millions of Yen)



Forecast for FY2021

The forecast for each measure of profit has been revised upward in response to positive FX effects and higher profit in the P&S business, mainly in Q2

(100 Millions of Yen)

	Previous Forecast	FY21 Forecast	Change	Rate of Change	FY20	Change	Rate of Change (w/o FX)
Sales Revenue	6,950	6,950	0	0.0%	6,318	632	10.0% (+6.5%)
Business Segment Profit	680	780	100	14.7%	781	-1	-0.1%
Business Segment Profit Ratio	9.8%	11.2%			12.4%		
Other income/expense	-5	0	5		-353	353	
Operating Profit	675	780	105	15.6%	427	353	82.5%
Operating Profit Ratio	9.7%	11.2%			6.8%		
Income before Tax	675	780	105	15.6%	429	351	81.6%
Net Income	460	530	70	15.2%	245	285	116.1%
USD	108.81	109.48			106.17		
EUR	127.59	128.59			123.73		

Forecast for FY2021 by Business Segment

(100 Millions of Yen)

		Previous Fct	FY21 Fct	change	FY20 Act	FY21 Fct	change
Printing & Solutions	Sales Revenue	4,110	4,169	59	3,848	4,169	321
	Business Segment Profit	471	554	83	652	554	-98
	Operating Profit	489	564	75	610	564	-46
Personal & Home	Sales Revenue	509	487	-22	537	487	-50
	Business Segment Profit	62	75	13	98	75	-23
	Operating Profit	64	76	12	96	76	-20
Machinery	Sales Revenue	1,064	1,073	9	789	1,073	284
	Business Segment Profit	115	119	4	41	119	78
	Operating Profit	115	118	3	33	118	85
Network & Contents	Sales Revenue	335	313	-22	310	313	3
	Business Segment Profit	-17	-26	-9	-52	-26	26
	Operating Profit	-2	-2	0	-73	-2	71
Domino business	Sales Revenue	767	780	13	698	780	82
	Business Segment Profit	47	62	15	48	62	14
	Operating Profit	43	61	18	-239	61	300
Other	Sales Revenue	165	128	-37	136	128	-8
	Business Segment Profit	2	-4	-6	-5	-4	1
	Operating Profit	-34	-37	-3	2	-37	-39
Total	Sales Revenue	6,950	6,950	0	6,318	6,950	632
	Business Segment Profit	680	780	100	781	780	-1
	Operating Profit	675	780	105	427	780	353

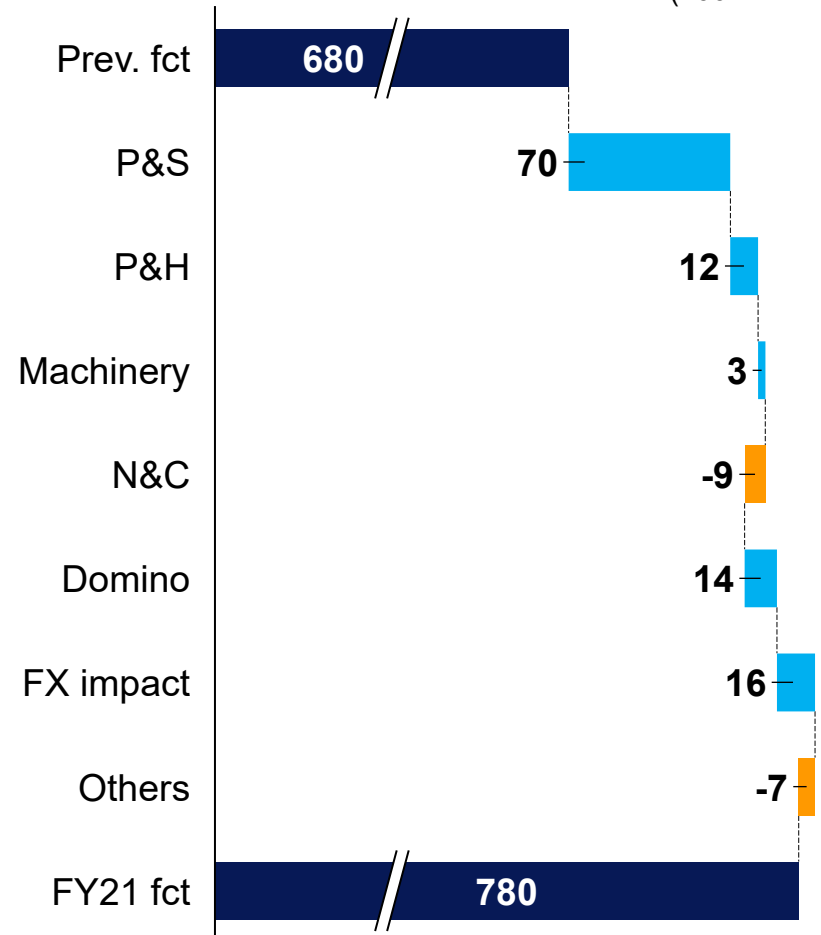
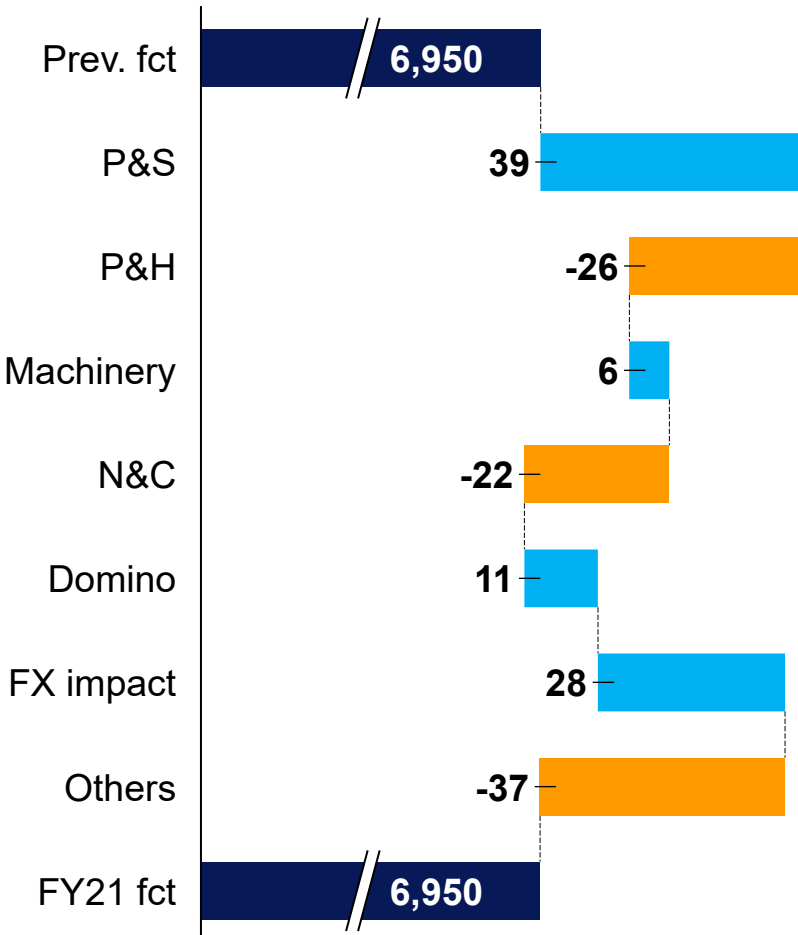
*Not including elimination amount by inter-segment transaction.

Changes in Sales Revenue / Business Segment Profit

Changes in Sales Revenue

Changes in Business Segment Profit

(100 Millions of Yen)



* Amounts of change are on a results basis excluding foreign exchange effects

Financial Position

(100 Millions of Yen)

	End of FY20	End of FY21Q2	Change
Current assets	4,288	4,416	129
Cash&Cash equivalents	1,910	1,734	-176
Inventories	1,202	1,406	205
Non-current assets	3,151	3,163	11
Total liabilities	2,442	2,290	-152
Interest-bearing debt	575	387	-187
Equity attributable to owners of the parent company	4,831	5,120	289
Total assets	7,439	7,579	140

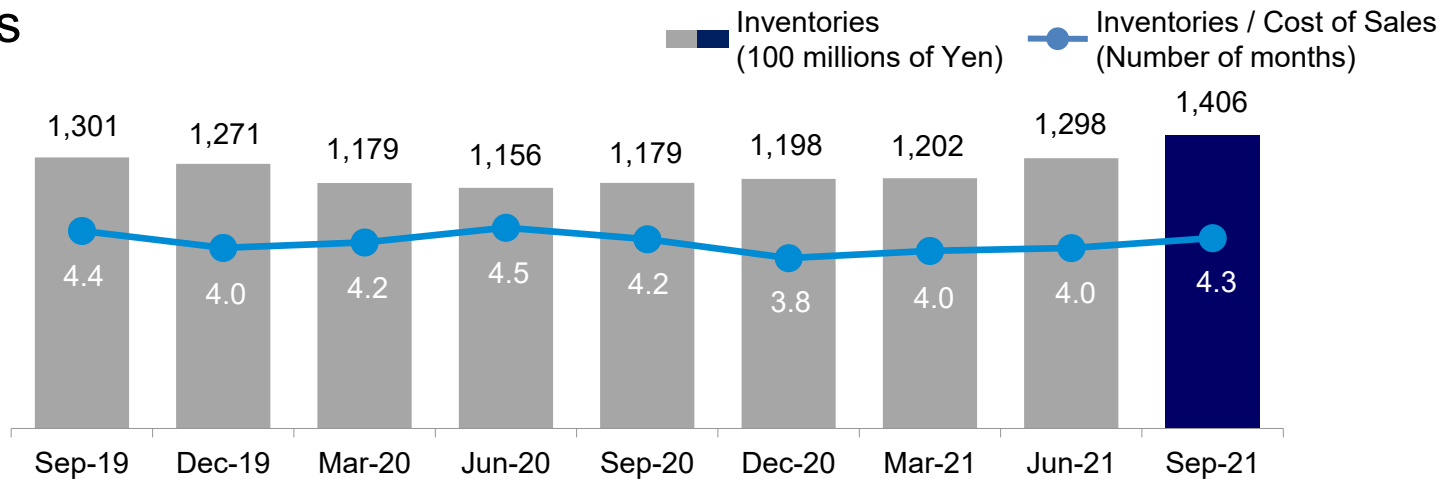
Net Cash

End of FY20 : +133.5 billion yen
End of FY21Q2 : +134.6 billion yen

Shareholders' Equity Ratio

End of FY20 : 64.9%
End of FY21Q2 : 67.6%

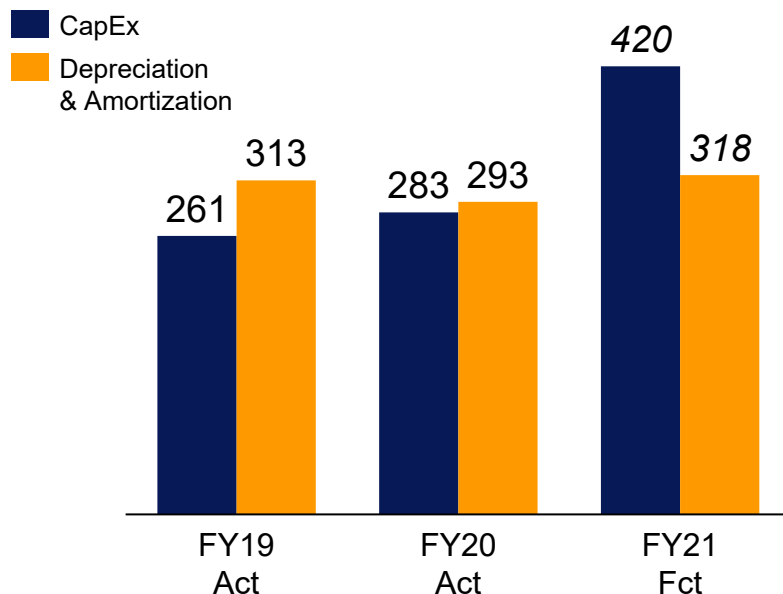
Inventories



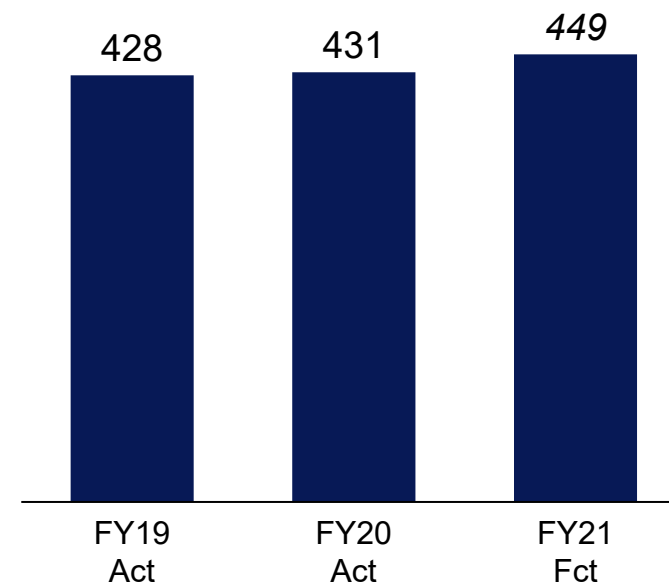
Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

(100 Millions of Yen)

Capital Expenditure/ Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY19	FY20	FY21
P&S	109	135	199
P&H	5	10	14
Machinery	24	30	52
N&C	49	19	28
Domino	21	21	34
Others	52	67	93
Total	261	283	420

Breakdown by business (R&D)

	FY19	FY20	FY21
P&S	277	283	277
P&H	22	20	24
Machinery	54	51	61
N&C	9	9	11
Domino	38	40	44
Others	29	28	33
Total	428	431	449

Business Segment Information

Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

	20Q2	21Q2	Change	Change w/o FX
Sales Revenue	950	1,061	11.6%	6.2%
Communications & Printing equipment	833	920	10.3%	5.0%
Americas	298	331	11.1%	5.6%
Europe	272	290	6.5%	1.1%
Asia & Others	163	189	15.7%	7.4%
Japan	100	110	9.9%	9.9%
Electronic stationery	117	141	20.9%	14.9%
Americas	50	68	36.4%	29.9%
Europe	36	39	7.2%	1.6%
Asia & Others	17	22	28.4%	18.1%
Japan	13	12	-9.5%	-9.5%

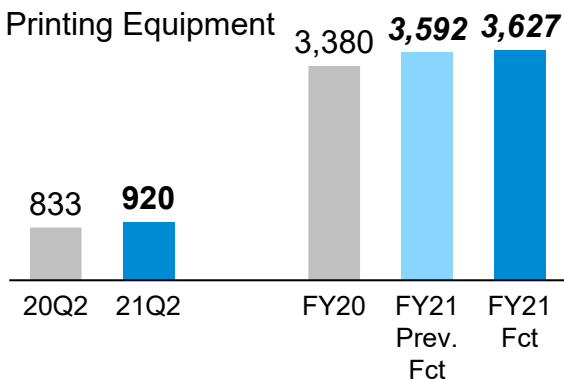
	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	3,848	4,110	4,169	8.4%	4.5%
Communications & Printing equipment	3,380	3,592	3,627	7.3%	3.6%
Americas	1,214	1,251	1,275	5.1%	1.2%
Europe	1,133	1,147	1,148	1.3%	-2.5%
Asia & Others	622	670	679	9.2%	3.3%
Japan	410	524	524	27.7%	27.7%
Electronic stationery	468	518	542	15.8%	11.4%
Americas	204	225	244	19.3%	15.0%
Europe	142	161	167	17.7%	13.1%
Asia & Others	70	82	84	19.8%	12.2%
Japan	52	50	48	-8.2%	-8.2%

Business Segment Profit	189	159	-16.0%	-
Operating Profit	186	164	-12.1%	-

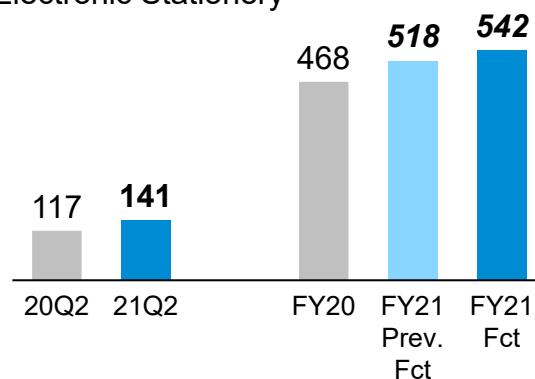
Business Segment Profit	652	471	554	-15.0%	-
Operating Profit	610	489	564	-7.5%	-

<Sales Revenue>

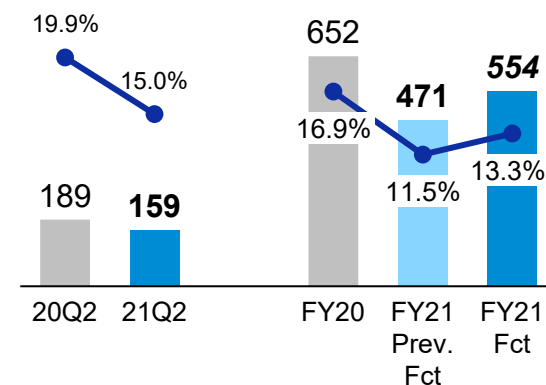
Communications
& Printing Equipment



Electronic Stationery



<Business Segment Profit> ● Profit ratio



Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of Hardware

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	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	FY19	FY20	FY21 Fct
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LBP

Sales revenue growth rate (JPY)															
Hardware	-9%	-8%	-7%	-2%	6%	19%	18%	18%	-10%	-4%	-	-	-7%	15%	-3%
Consumable	2%	-6%	-2%	-3%	-18%	1%	0%	-1%	21%	15%	-	-	-2%	-5%	9%
Sales revenue growth rate (LC)															
Hardware	-6%	-4%	-3%	2%	11%	22%	21%	18%	-16%	-9%	-	-	-3%	18%	-6%
Consumable	4%	-1%	3%	0%	-15%	2%	2%	-3%	12%	9%	-	-	1%	-4%	5%

IJP

Sales revenue growth rate (JPY)															
Hardware	-2%	8%	-7%	-3%	-37%	-49%	-12%	-3%	90%	95%	-	-	-1%	-25%	40%
Consumable	1%	-2%	-8%	4%	-23%	-1%	9%	-6%	11%	-6%	-	-	-2%	-5%	-5%
Sales revenue growth rate (LC)															
Hardware	1%	13%	-4%	0%	-33%	-48%	-9%	-3%	79%	87%	-	-	2%	-23%	36%
Consumable	3%	3%	-5%	7%	-20%	-1%	10%	-8%	5%	-10%	-	-	2%	-5%	-8%

Cosumable Ratio	60%	58%	57%	59%	55%	57%	55%	56%	56%	57%	-	-	58%	55%	55%
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Growth rate of Hardware															
LBP	-13%	-4%	-2%	3%	12%	10%	6%	0%	-28%	-16%	-	-	-5%	7%	-
IJP	0%	13%	1%	7%	-39%	-57%	-24%	-25%	65%	101%	-	-	5%	-36%	-

Personal & Home Sales Revenue & Profit

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(100 Millions of Yen)

	20Q2	21Q2	Change	Change w/o FX
Sales Revenue	144	134	-6.7%	-10.9%
Americas	74	79	7.4%	2.5%
Europe	42	36	-16.0%	-20.0%
Asia & Others	14	12	-10.0%	-15.3%
Japan	14	7	-48.7%	-48.7%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	537	509	487	-9.3%	-12.7%
Americas	273	271	265	-3.0%	-6.5%
Europe	160	146	139	-13.2%	-17.2%
Asia & Others	56	56	49	-11.6%	-15.8%
Japan	48	37	34	-29.7%	-29.7%

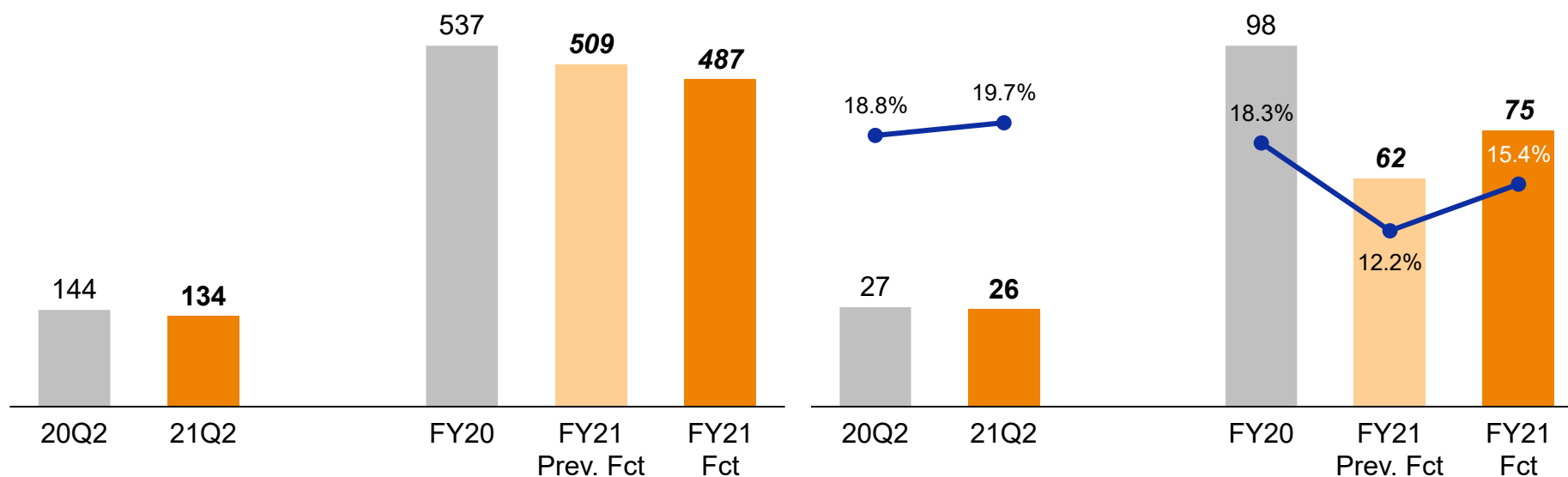
Business Segment Profit	27	26	-2.3%	-
Operating Profit	26	28	5.9%	-

Business Segment Profit	98	62	75	-23.5%	-
Operating Profit	96	64	76	-21.2%	-

<Sales Revenue>

<Business Segment Profit>

—●— Profit Ratio



Machinery Sales Revenue & Profit

(100 Millions of Yen)

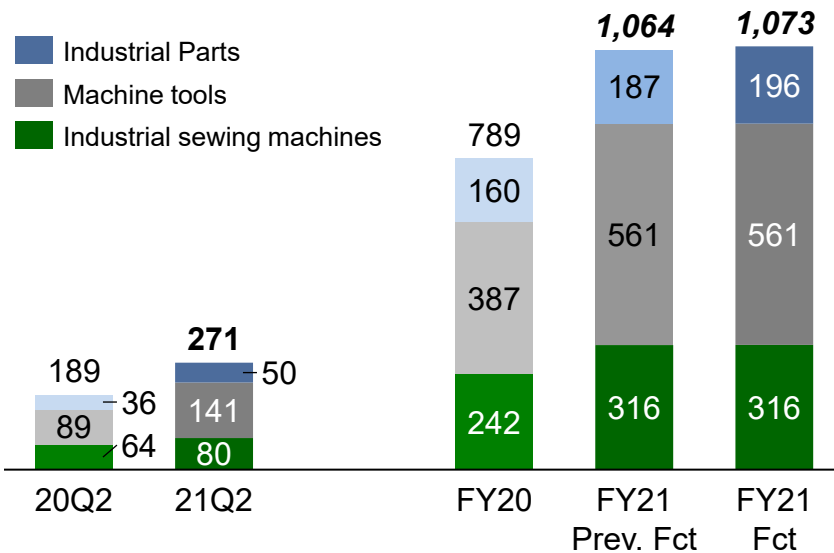
	20Q2	21Q2	Change	Change w/o FX
Sales Revenue	189	271	43.4%	38.3%
Industrial sewing machines	64	80	25.3%	18.4%
Machine tools	89	141	57.3%	52.5%
Industrial Parts	36	50	41.1%	38.6%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	789	1,064	1,073	36.0%	31.8%
Industrial sewing machines	242	316	316	30.8%	25.3%
Machine tools	387	561	561	44.9%	40.3%
Industrial Parts	160	187	196	22.1%	20.9%

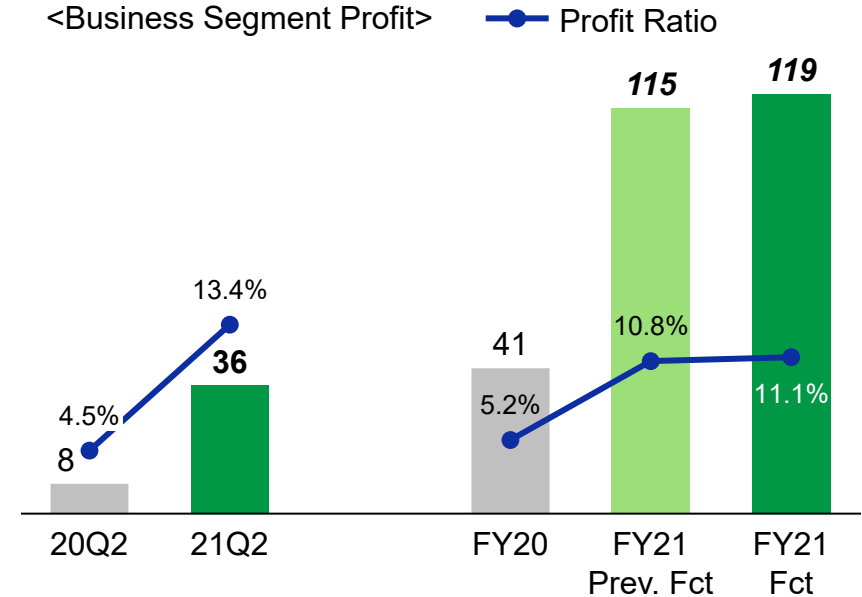
Business Segment Profit	8	36	329.7%	-
Operating Profit	9	37	320.6%	-

Business Segment Profit	41	115	119	188.8%	-
Operating Profit	33	115	118	257.2%	-

<Sales Revenue>



<Business Segment Profit>



Machinery Sales Revenue by Region

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(100 Millions of Yen)

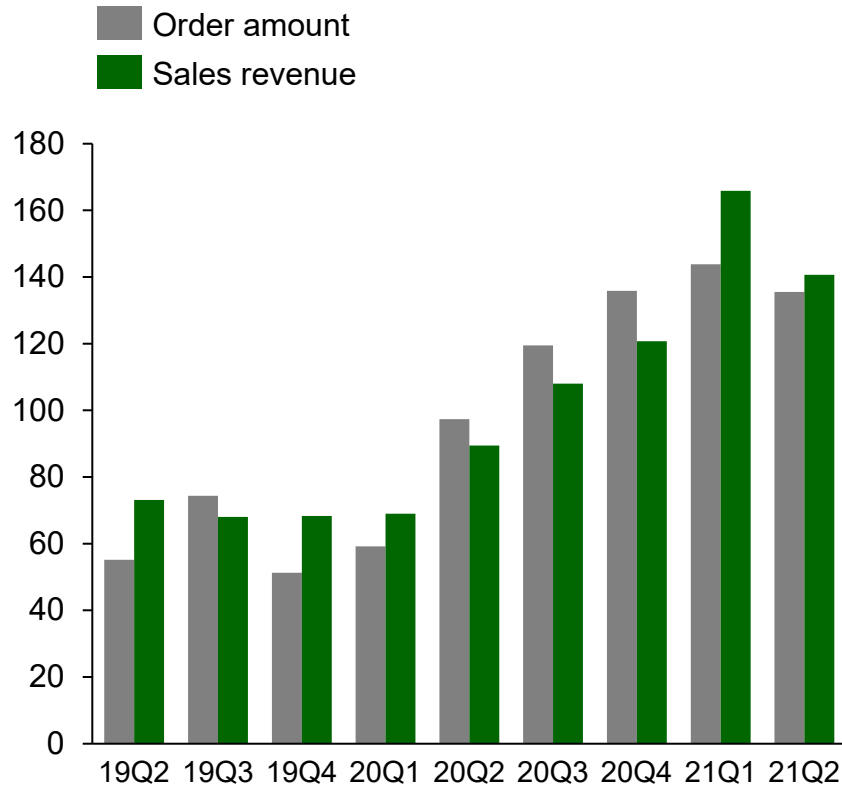
	20Q2	21Q2	Change	Change w/o FX
Sales Revenue	189	271	43.4%	38.3%
Industrial sewing machines	64	80	25.3%	18.4%
Americas	29	23	-19.8%	-23.4%
Europe	14	15	7.0%	1.8%
Asia & Others	18	39	116.3%	101.7%
Japan	3	3	3.2%	3.2%
Machine tools	89	141	57.3%	52.5%
Americas	1	10	590.8%	-
Europe	3	8	171.6%	-
Asia & Others	73	102	40.2%	-
Japan	12	21	71.9%	-
Industrial Parts	36	50	41.1%	38.6%
Americas	5	8	50.3%	43.7%
Europe	-	-	-	-
Asia & Others	4	6	59.2%	45.5%
Japan	27	36	36.6%	36.6%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
	789	1,064	1,073	36.0%	31.8%
	242	316	316	30.8%	25.3%
	87	98	94	8.5%	4.8%
	56	73	72	30.6%	26.2%
	88	130	146	66.7%	57.7%
	12	16	3	-71.2%	-71.2%
	387	561	561	44.9%	40.3%
	20	34	33	65.8%	-
	19	30	34	77.3%	-
	289	401	406	40.3%	-
	59	97	89	50.2%	-
	160	187	196	22.1%	20.9%
	21	20	27	31.0%	26.5%
	-	-	-	-	-
	20	22	23	18.0%	10.2%
	120	145	146	21.3%	21.3%

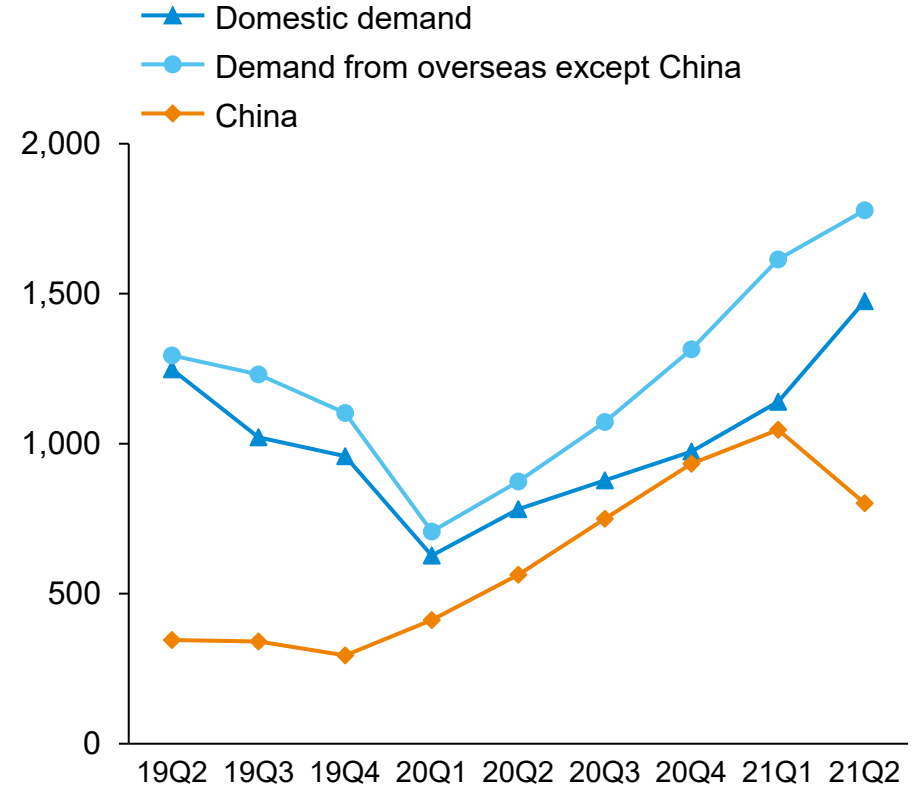
Machinery (Machine tools) Order Trends

(100 Millions of Yen)

Trends in order amount and sales revenue



(Reference) Machine tool statistics of the Japan Machine Tool Builders' Association



* Total amount of domestic and overseas orders for hardware products
Overseas orders are converted into yen using the exchange rate for each quarter

* Source: Major machine tool statistics of the Japan Machine Tool Builders' Association

Network & Contents

Sales Revenue & Profit

(100 Millions of Yen)

	20Q2	21Q2	Change
Sales Revenue	88	64	-27.7%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY
Sales Revenue	310	335	313	0.9%

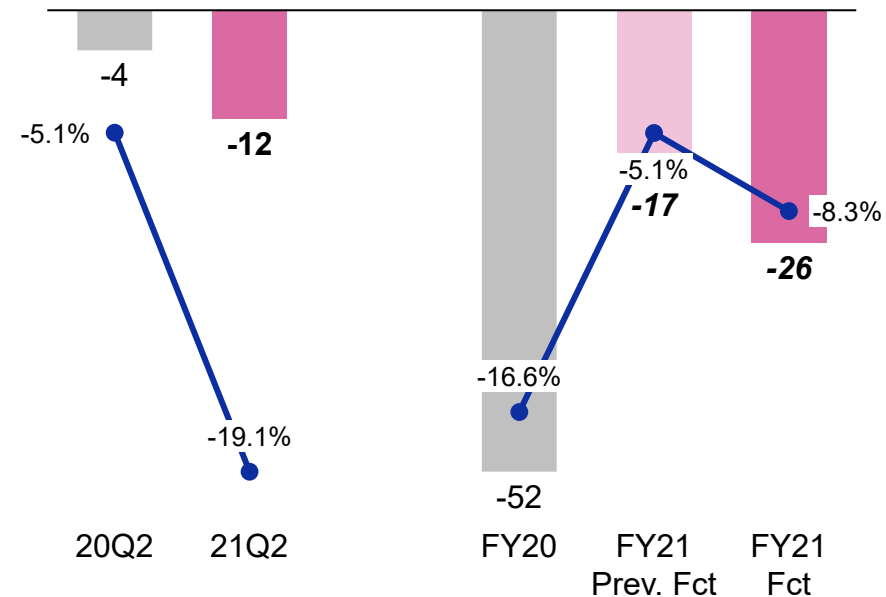
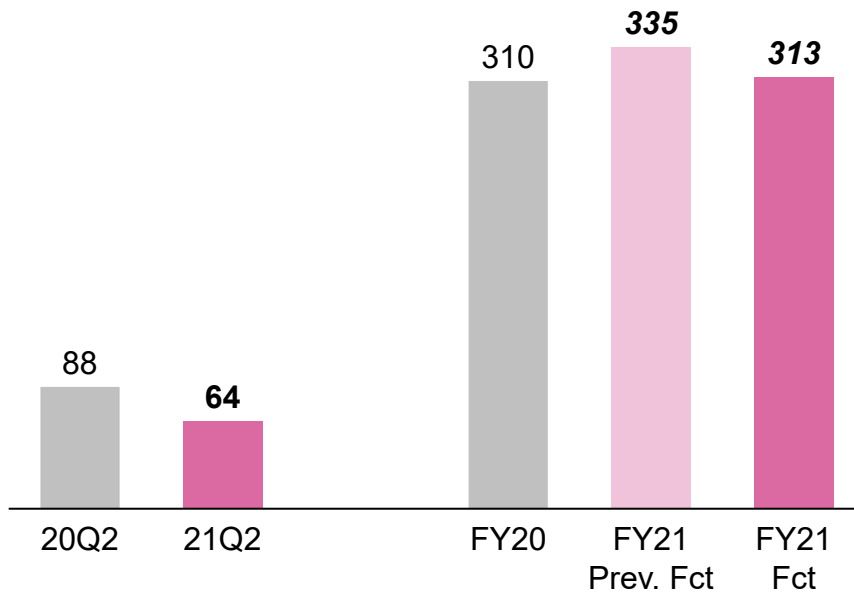
Business Segment Profit	-4	-12	-
Operating Profit	0	-5	-

Business Segment Profit	-52	-17	-26	-
Operating Profit	-73	-2	-2	-

<Sales Revenue>

<Business Segment Profit>

● Profit Ratio



Domino Sales Revenue & Profit

(100 Millions of Yen)

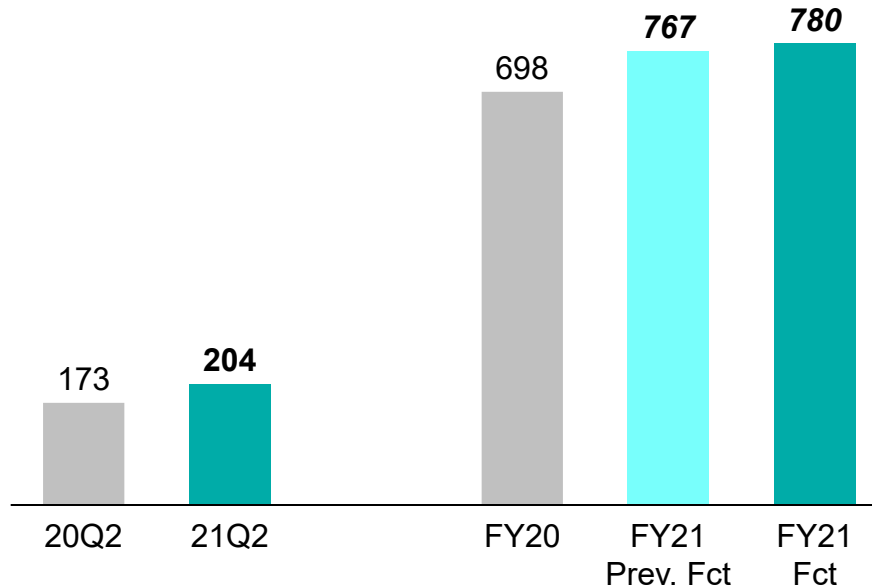
	20Q2	21Q2	Change	Change w/o FX
Sales Revenue	173	204	17.9%	9.9%
Americas	45	51	13.1%	5.5%
Europe	77	91	17.5%	6.8%
Asia & Others	51	62	22.6%	16.2%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	698	767	780	11.7%	5.0%
Americas	176	190	192	8.9%	3.0%
Europe	324	358	362	11.7%	3.8%
Asia & Others	198	219	226	14.1%	9.3%

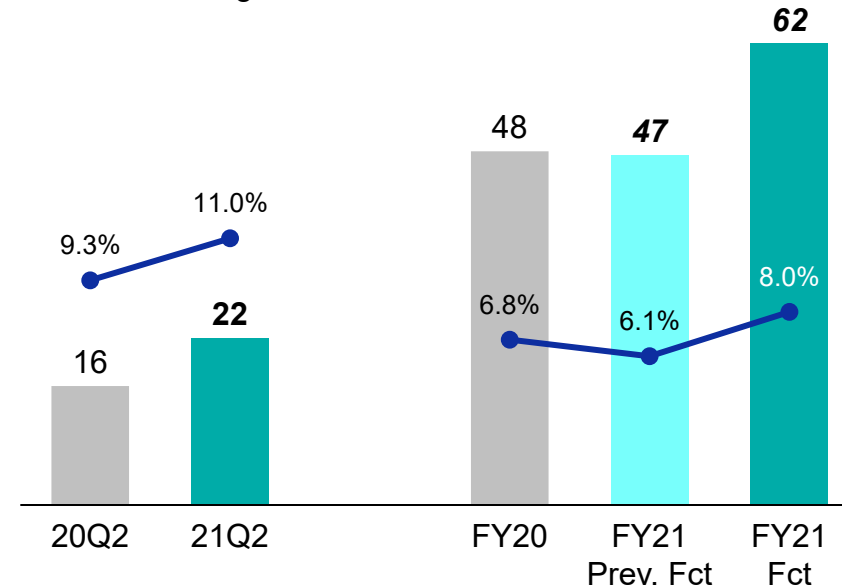
Business Segment Profit	16	22	39.9%	-
Operating Profit	12	22	80.5%	-

Business Segment Profit	48	47	62	30.4%	-
Operating Profit	-239	43	61	-	-

<Sales Revenue>



<Business Segment Profit>



brother
at your side

Tender Offer for Nissei Corporation

November 8, 2021
Brother Industries, Ltd.

Conduct a tender offer for Nissei, a consolidated subsidiary of which Brother holds approximately 60.2% of shares

- Accelerate decision making by the entire Brother Group and focus on “**Machinery/FA – accelerate growth**” as specified in the “CS B2021” Medium-Term Business Strategy in pursuit of further enhancement of the Brother Group’s corporate value by both companies

◆ Outline of Tender Offer

Purchase period	November 9 to December 21, 2021 (30 business days)
Purchase price	1,500 yen per common share (Represent a 44.23% premium to the closing price on November 5, 2021)
Number of shares to be purchased	All common shares (excluding, however, shares held by Brother Industries, Ltd. and Nissei Corporation)
Minimum number of shares to be purchased	1,801,242 shares (6.50% of issued shares excluding shares held by Nissei)
Funds for purchase	Own funds
Matters concerning two-step acquisition	If Brother is unable to acquire all common shares through the tender offer, it plans to conduct a squeeze-out after the completion of the tender offer through either (i) a demand for cash-out or (ii) share consolidation

Nissei

Trade name	Nissei Corporation
Location of headquarters	1-1, Inoue, Izumi-cho, Anjo, Aichi
Representative	Yoshihisa Nozaki, President and Representative Director
Description of main businesses	Manufacture and sale of reducers and gears and real estate leasing
Listed securities exchanges	Second sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange



Reducer



Gear



High stiffness reducer

Brother Group New Vision

November 8, 2021

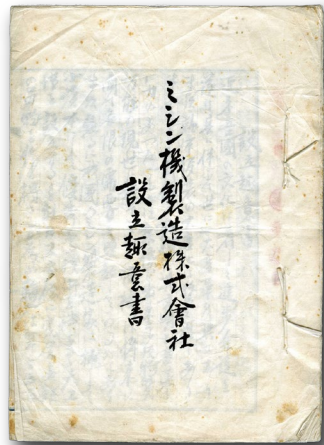
Brother Industries, Ltd.

*: The explanatory materials concerning “At your side 2030,” the Brother Group’s new vision, are the same as those released on the following Website on October 6, 2021.

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

Background of the New Vision

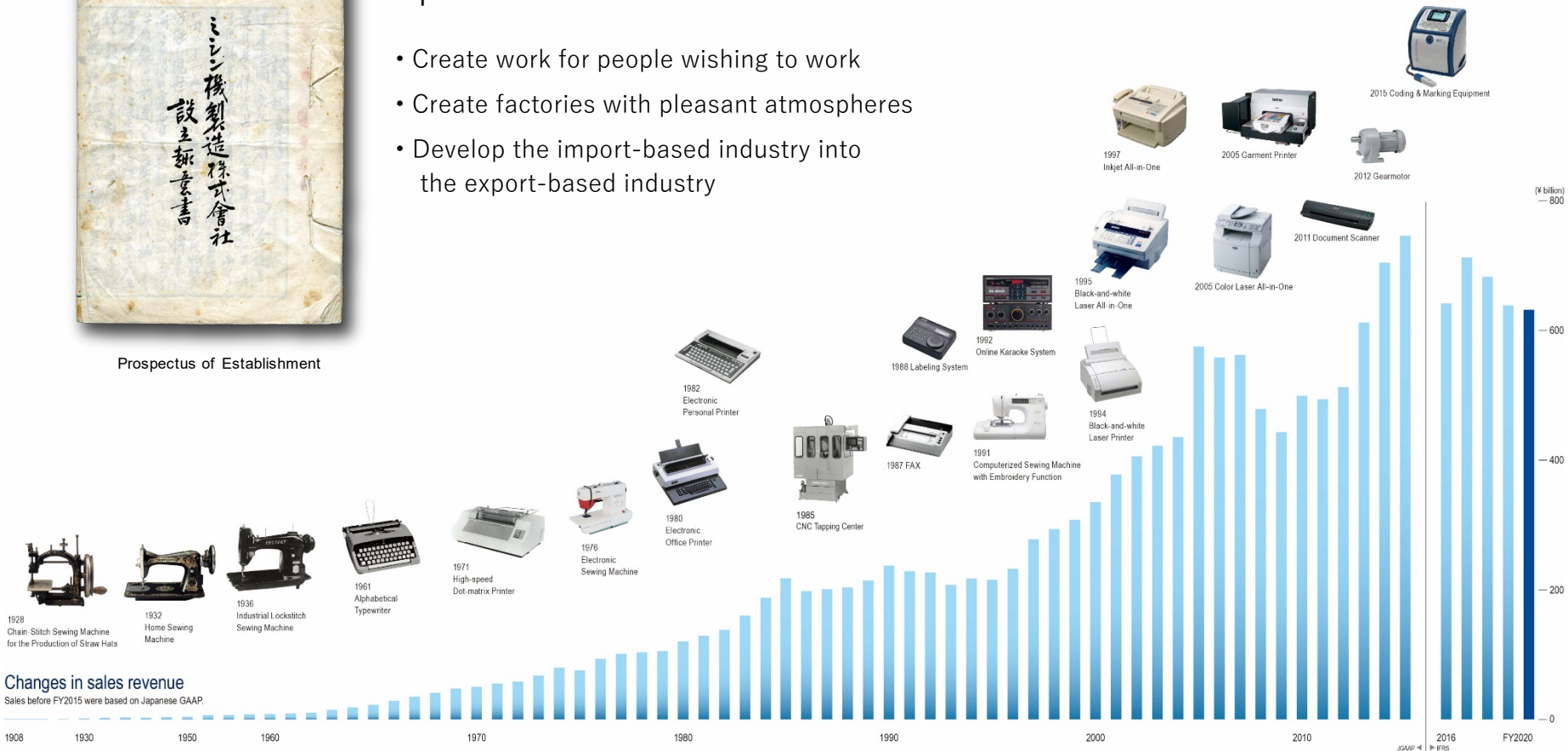
Since founding, Brother has been grasping changes in customer needs and innovating its business to solve social issues.



Prospectus of Establishment

Spirit of Foundation

- Create work for people wishing to work
- Create factories with pleasant atmospheres
- Develop the import-based industry into the export-based industry



Brother has been promoting business activities with the spirit of "At your side."



Putting customers first in every situation with the spirit of "At your side."



"Brother Group Global Charter" is the foundation of all activities by the global Brother Group.

In addition to changes in society, the business environment surrounding Brother is also changing.

Changes in society

- Values, including workstyles, have changed significantly.
- The changes have been accelerated by the COVID-19 pandemic.
- As there has been growing demand for sustainability, the trend toward questioning the raison d'être and social value of companies has spread globally.

Changes in the business environment

- Digitalization and remote work
- Diversification of purchasing behavior
- Growing demand for mass customization
- Acceleration of automation and networking at manufacturing facilities
- Growing risks in the supply chain due to disasters, infectious diseases, geopolitical risks, etc.

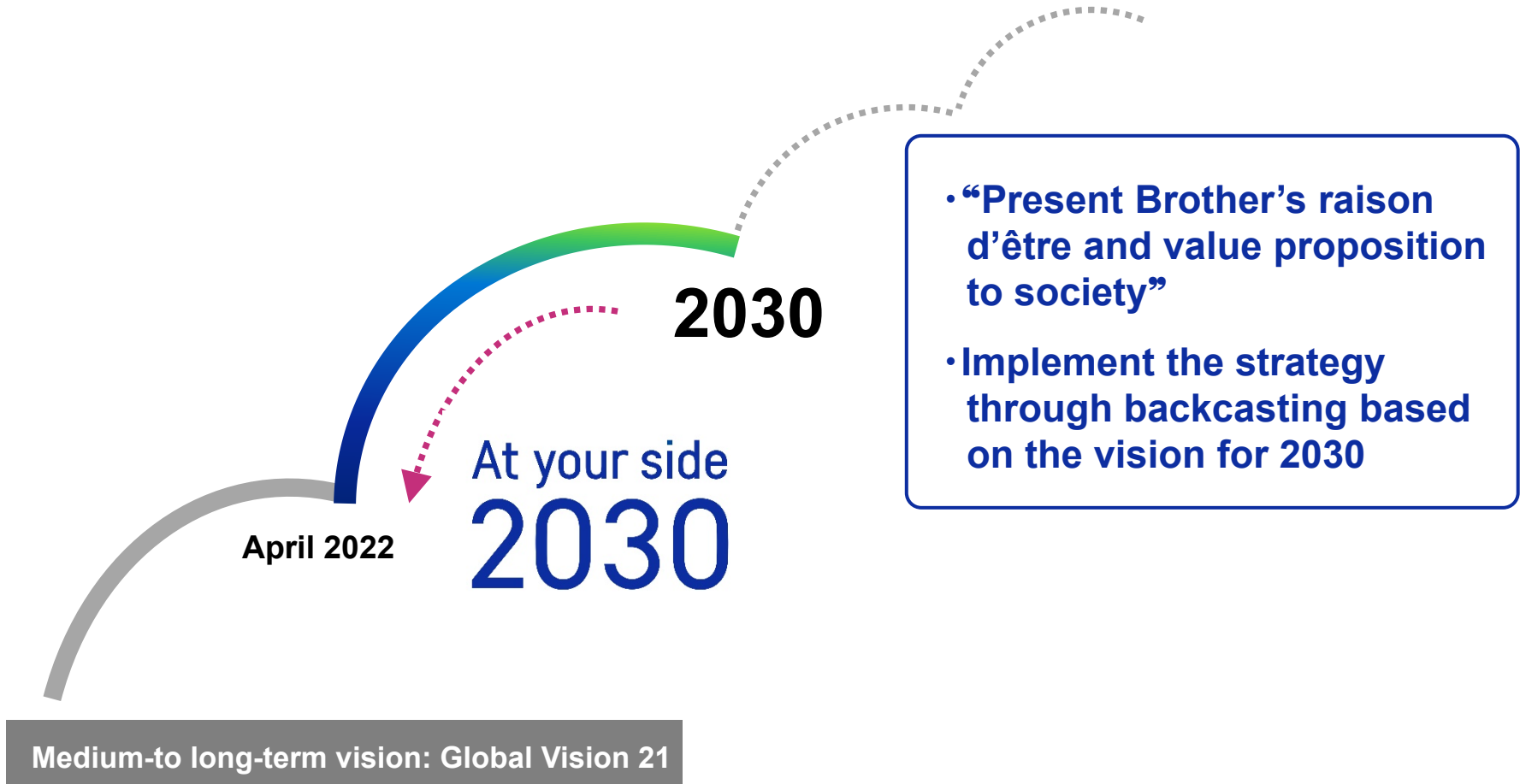
New Vision

Brother Group New Vision

At your side
2030

Implement Strategy through Backcasting Based on the Vision for 2030

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



What value do we offer to customers and society toward 2030?
At your side 2030 shows "Our Approach" and "Our Focus Areas" based on "Our Purpose."



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.

Our Purpose

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

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

Despite the changing times, Brother will contribute to a better future as a close partner who supports the inherent capabilities that “you” have (including customers) to create value and make progress.



Brother Group Global Charter Foundation of all activities

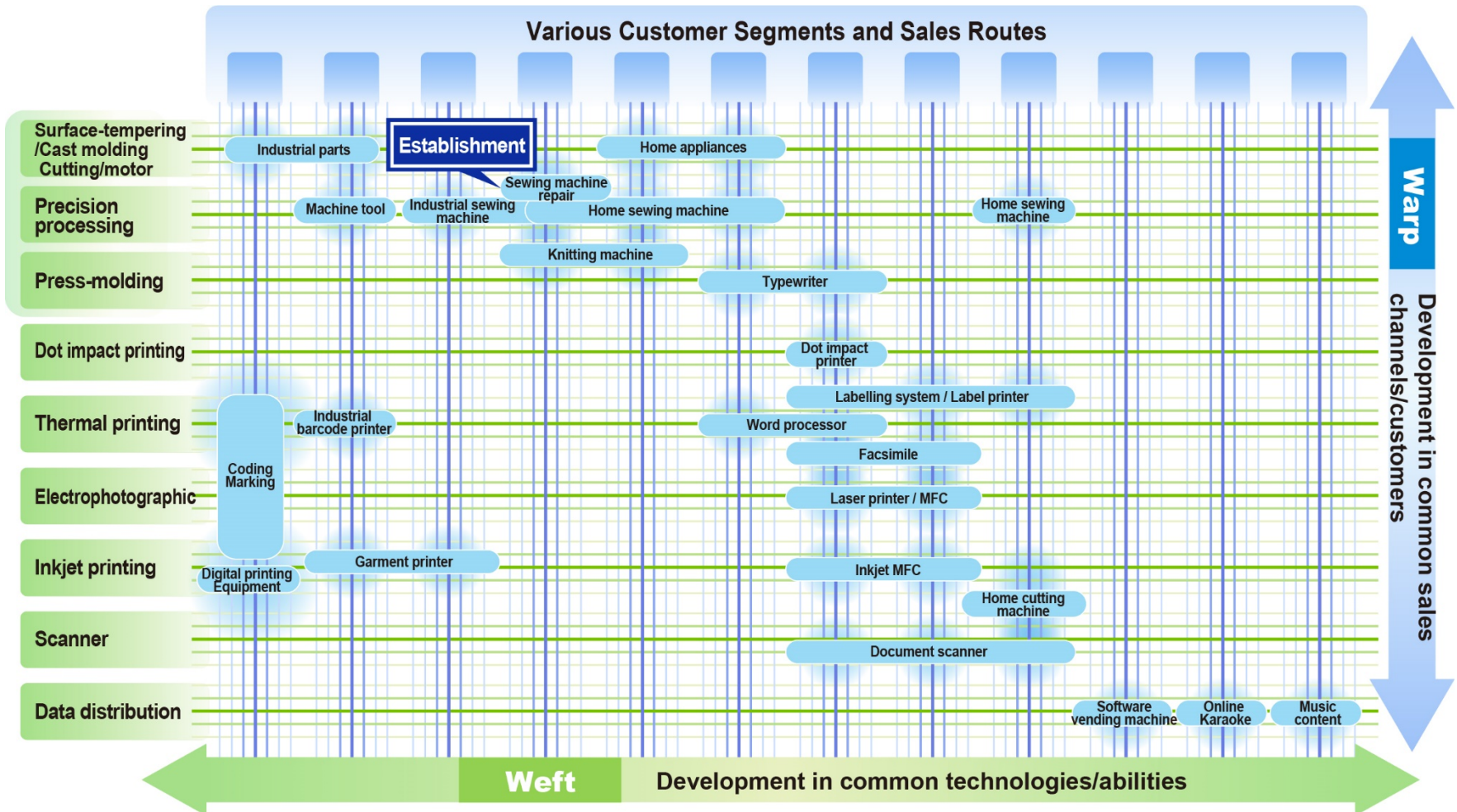
Our Approach

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

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

Our Approach Our unique technologies

Brother has created new businesses by utilizing continuity in technologies and sales channels/customers since its establishment. Brother's unique strength is this continuous extension weaved with threads of warp and weft.



Our Approach Global Network

We will swiftly deliver superior value as Global Team Brother, by utilizing our network of production, sales, service and development facilities located in more than 40 countries/regions, while learning from the outside.

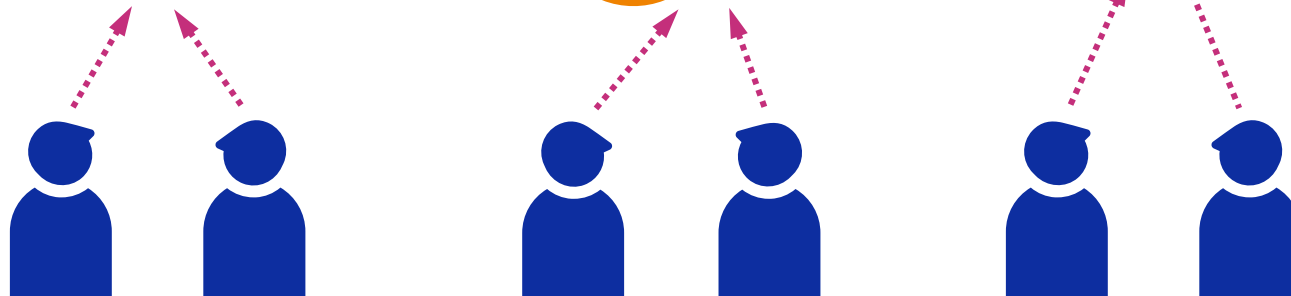
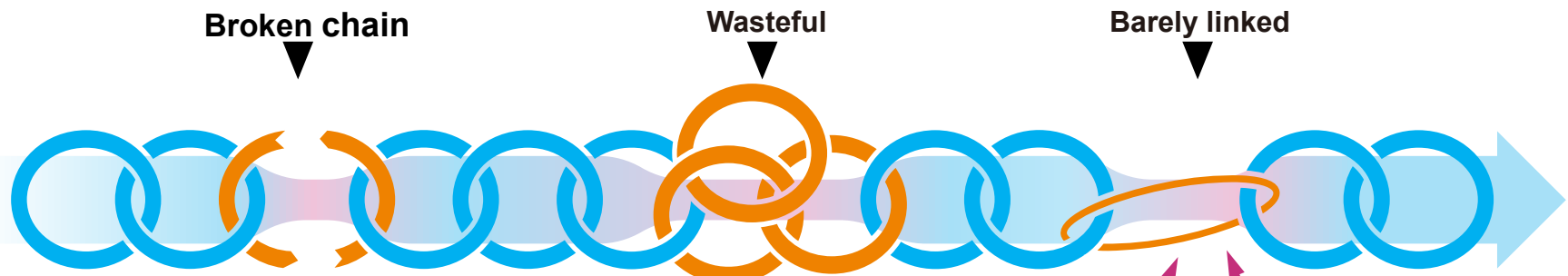


Our Approach

In-depth Analysis of Customers' Value Chain

Carefully analyze the value chain of a customer and identify barriers to the flow

Value chain of a customer whose flow is hindered by barriers

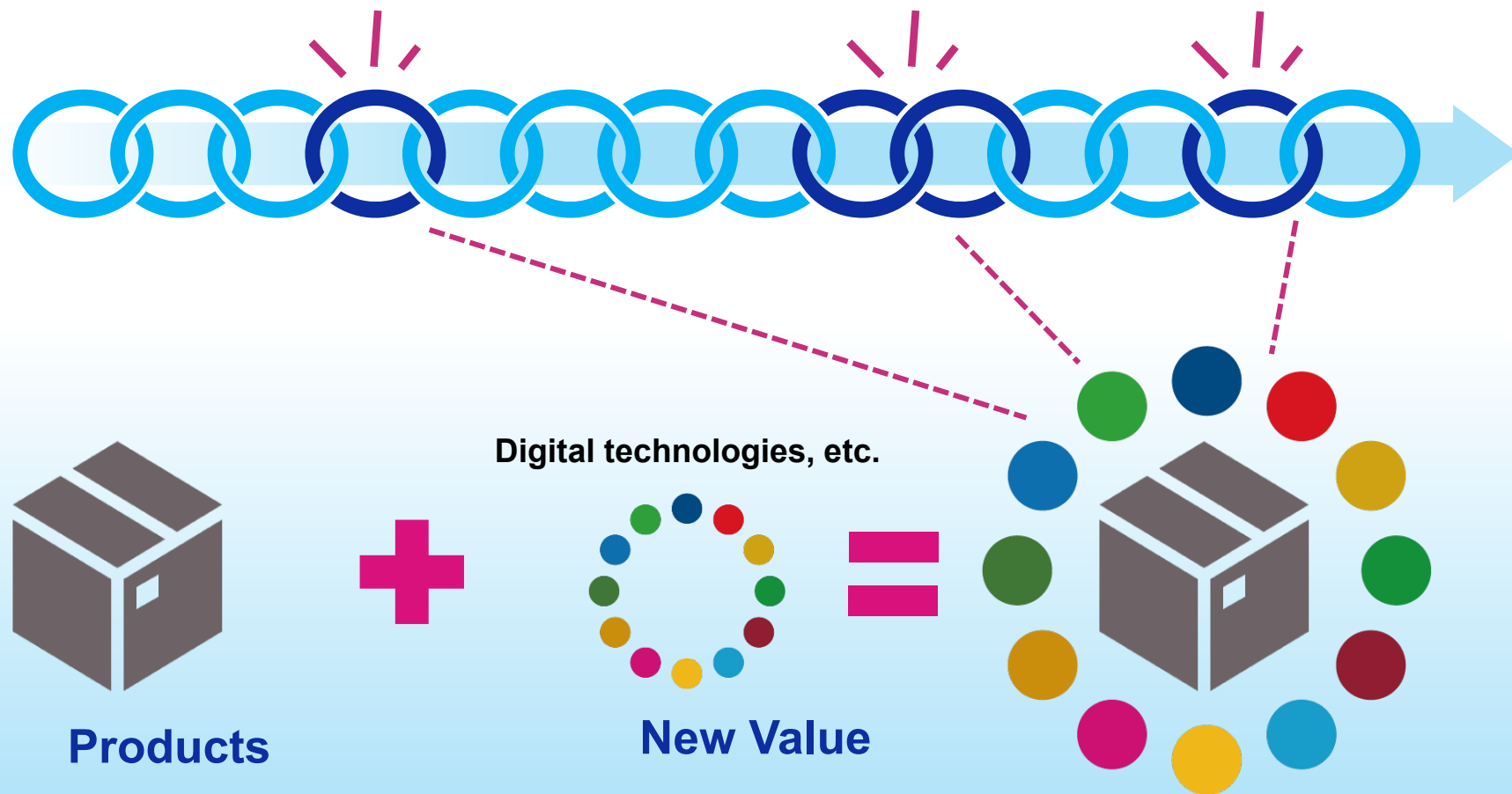


Identify and eliminate barriers restricting success

Our Approach

Value Creation beyond Manufacturing

“Manufacturing” is Brother’s starting point. We will use this strength and widen the range of value proposition to customers, in order to eliminate the barriers.



Our Focus Areas

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

In the industrial area: We will improve customers' productivity, solve their business challenges, and reduce our environmental impact.

By doing so, we will gain their trust and become an invaluable partner.

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

In the printing area: Even with huge changes in the definition of “office work” and the printing environment, we will continue to exceed customers' expectations.

We will also build new business pillars that expand beyond our existing boundaries.

• Industrial - Become a trusted, invaluable solutions partner.

In the industrial area: We will improve customers' productivity, solve their business challenges, and reduce our environmental impact.

By doing so, we will gain their trust and become an invaluable partner.

Areas

Machinery/FA*

Industrial printing

Customers' issues and social issues

Improvement in productivity

Manpower saving

Comfortable work environment

Reduction in CO₂ emissions



Best partner

*Factory automation

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

In the printing area: Even with huge changes in the definition of “office work” and the printing environment, we will continue to meet customers’ expectations.

We will also build new business pillars that expand beyond our existing boundaries.

Areas

**Laser/inkjet
printers/MFC**

**Label printers
Mobile printers**

**Peripheral
service/solution**

Changes in the business environment and social issues

**Paperless
WFH/telework
New sales channels
Digitalization**

**Reduction in CO₂
emissions
Circular economy**



Pioneering new offerings

Leading print innovation

For more than 110 years, the Brother Group has met the needs of customers with the spirit of “At your side.” and changed itself.

We will continue to contribute to society, help protect the earth, and make changes so that we can contribute to the happiness of many more customers.



Brother's Commitment to the Environment

Worked on eco-friendly products and corporate activities.

Creation of eco-friendly products



- Proactive acquisition of environmental labels in various countries
- Energy saving of products
- Collection and recycling of toner cartridges

Response to environmental laws and regulations/social trends in the world



- Promotion of environmental activities based on ISO 14001
- Compliance with REACH Regulation, RoHS Directive, etc.
- Establishment of a chemical substance control system

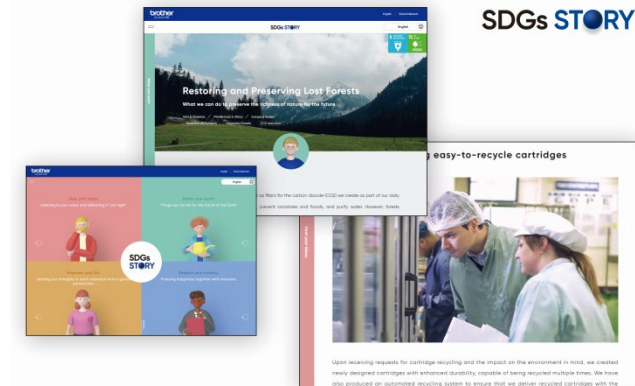
Promoted social contribution activities and communication related to the environment.

Implementation of environmental and social contribution activities in the world



Global development of activities with awareness of biodiversity conservation

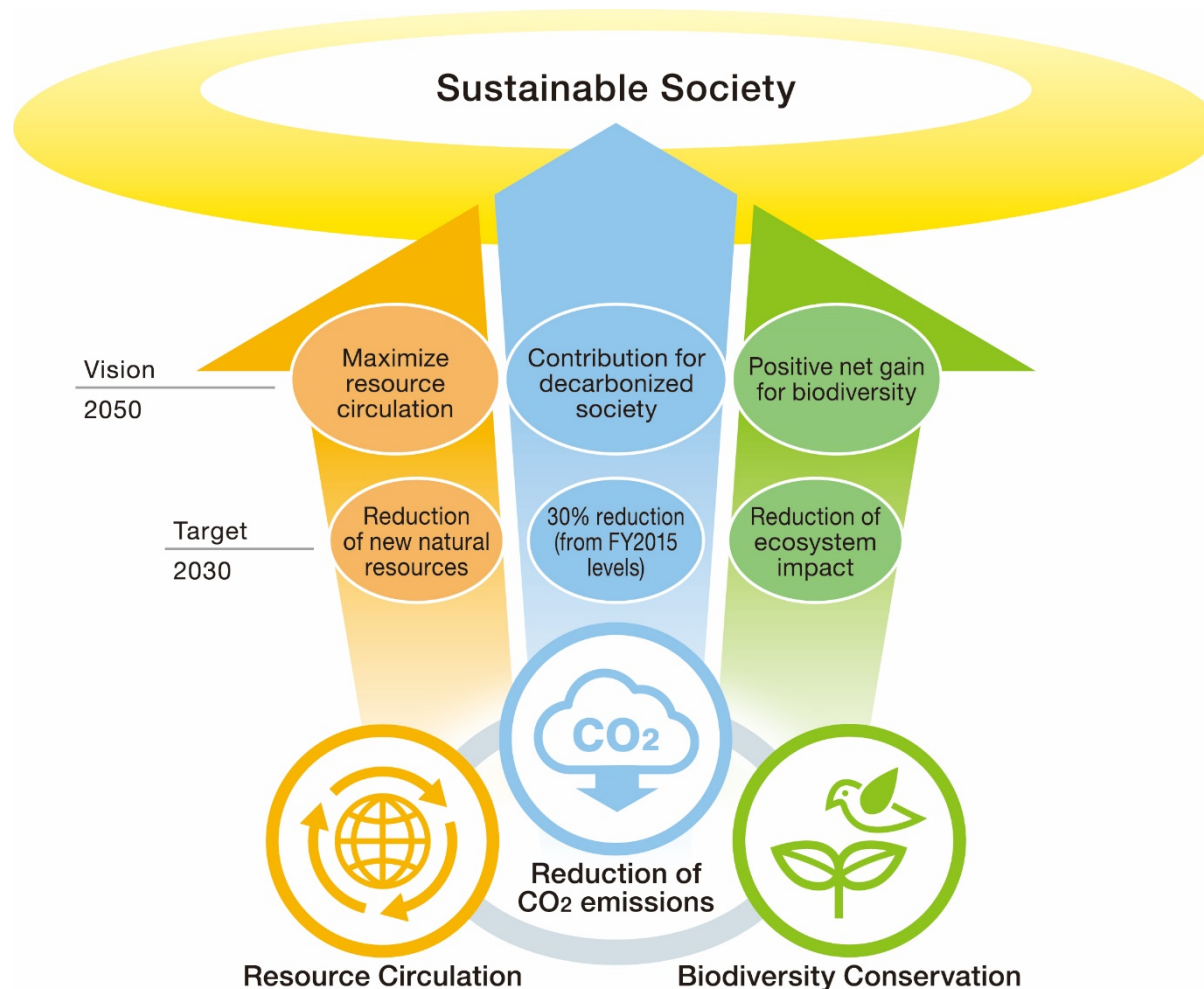
Promotion of environmental communication



- **Dissemination of information outside the company through the company's website "SDGs STORY."**
- **Implementation of environmental education for employees**

Brother Group Environmental Vision 2050 (Before Revision)

Presented the goals under the 3 categories; CO2 emissions reductions, resource circulation and biodiversity conservation, with the aim of realizing a society which develops in a sustainable manner by FY2050.



Achieved the CO₂ emission reduction target for FY2030 ahead of schedule.

Obtained SBT certification



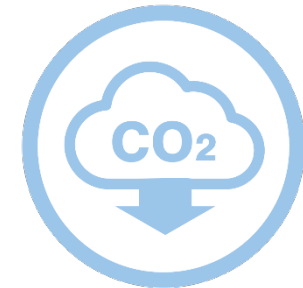
The CO₂ emission reduction target obtained the certification of the Science Based Targets initiative in 2018.

Endorsed TCFD's Proposal



Expressed endorsement to the proposal of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020.

Achieved the CO₂ emission reduction target



For Scopes 1 and 2, achieved the 30% reduction from FY2015 level set in the FY2030 target.

Revision of the Environmental Vision 2050

Aim for Carbon Neutrality in All Business Operations By 2050

CO₂ emission reduction target: 65% reduction in Scopes 1 and 2 from the FY2015 level by 2030.

Achieve carbon neutrality in all business operations and minimize CO₂ emissions from the entire value chain by 2050

	FY2030 Target	FY2050 Vision
Current CO ₂ reduction target	[Scopes 1* ¹ and 2* ²] Achieve 30% Reduction [Scope 3* ³ (Categories 1, 11, and 12* ⁴)] Achieve 30% Reduction	Proactively working in all business operations to reduce CO ₂ emissions from the entire value chain so as to contribute toward creating a carbon-free society being sought by the world.
Revised CO ₂ reduction target	[Scopes 1* ¹ and 2* ²] Achieve 65% Reduction [Scope 3* ³ (Categories 1, 11, and 12* ⁴)] Achieve 30% Reduction	Aim to achieve carbon neutrality*⁵ in all business operations and minimize CO₂ emissions from the entire value chain so as to contribute toward creating a carbon-free society.

*1: Direct emission of greenhouse gases by the business operator

*2: Indirect emission from the use of electricity, heat and steam supplied by others.

*3: Indirect emission other than Scope 1 and Scope 2 (emission by others related to the activities of the business operator).

*4: Target of reduction is CO₂ emissions at the time of product material procurement, product use, and product disposal.

*5: Reduce CO₂ emissions from the Brother Group to zero as a whole.

Initiatives to Reduce CO₂ Emissions

Brother is promoting activities to achieve carbon neutrality at Brother Group's facilities in the world.



- **Promotion of energy saving activities**
- **Energy creation activities centered on the installation of solar panels**
- **Purchase of CO₂-free electricity, etc.**

In the head office area, aim to achieve carbon neutrality by the end of FY2026.



Brother is firmly promoting various activities to achieve carbon neutrality as a priority issue for the company.

Invest in a venture fund that invests in the field of sustainability.



Invested in WiL Ventures III, L.P., a venture fund, whose investment areas include sustainability area and digital area such as DX.

Contribute to initiatives for hydrogen utilization



Conducted hydrogen transportation system demonstration in Namie Town, Fukushima—which aims to become a zero carbon city—toward the realization of a hydrogen-based society.

Establish a department that addresses climate change.

Climate Change Response Strategy Department

Established the new Climate Change Response Strategy Department on October 1 as a department dedicated to the strategic global promotion of climate change response.

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