

Domino Business

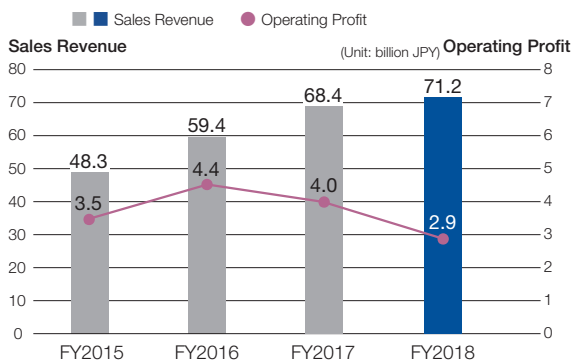


Business Objective

- Realize and reinforce synergy between Brother and Domino and achieve customer experience improvement to become Brother's next core business

FY2018 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue: 71.2 billion yen (+4.2% y/y)

Sales revenue increased due to steady global sales growth of both coding and marking ("C&M") equipment and digital printing equipment.

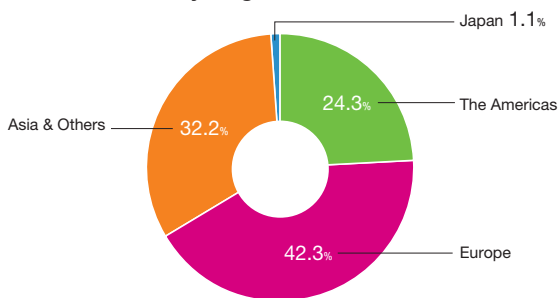
Business Segment Profit: 3.9 billion yen (-14.9% y/y)

Operating Profit: 2.9 billion yen (-28.4% y/y)

Although business segment profit decreased, it almost reached the level anticipated in our internal plan. Operating profit decreased because the loss on retirement of some development assets was reported as a result of reviews of our development projects.

*Sales revenue and operating profit are calculated based on International Financial Reporting Standards (IFRS). Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from sales revenue.

Sales Revenue by Region



Coding and Marking Equipment

Business Summary

Brother's Strength

Domino Printing Sciences plc ("Domino"), a consolidated subsidiary of Brother, has been growing its business steadily for the past 30 years as a UK-based industrial printing equipment manufacturer.

As for the coding and marking (printing expiration dates and so forth on plastic bottles and cans) business, with its world-leading sales and service network, Domino has been steadily increasing the number of operating units. Regarding the digital printing business, with its highly productive digital label printers, Domino has been providing business solutions to the challenges of label printing companies, such as small-lot production, waste reduction, and working environment improvement.

In both of these fields, the number of operating units is expected to increase, and consumption of consumables with a high genuine product ratio is anticipated.

Market Trend and Brother's Business Strategies

- Target a CAGR of 8 percent in sales in the 5 years between 2019 and 2023 as the core growth area
- Expand business by enhancing Domino Group's sales strength and collaboration with Brother's technological capacity
- Enhance our market position in the C&M field
- Expand digital printing

In the C&M business, which is expected to continue steady growth, sales have been increasing supported by Domino's strong sales network. Domino has built a strong position in the digital printing market and especially in the label market. We are continuing to invest in our sales/service activities and develop products which utilize Brother's technological abilities. Domino is aiming at becoming the next pillar of the Brother Group through continuous growth in the C&M field and business expansion in the digital printing field, which has potential for higher-rate growth.

Main Product Lineup



Coding and Marking Equipment



Digital Printing Equipment

Brother's Value Creation

Domino receives many awards in recognition of its improvement efforts, productivity, and reliability

In 2018, Domino won the "Operational Excellence" accolade at the Manufacturer MX Awards, the most prestigious awards program in the UK manufacturing calendar. It was the second year in a row that Domino won an award at the event, after earning the "Supply Chain Excellence" honor in 2017. We are proud to have won this award, which recognizes the continuous improvements Domino has been making to its operations, such as staff training and product and process development.

In addition, in 2016, Domino's Digital Printing Equipment won the "Best Label Printer" award at the European Digital Press Awards, which had a panel composed of end users, media representatives, and industry specialists and were

announced at the Labelexpo Europe 2016 in Brussels. The many awards that Domino has received, including these two, are truly the result of its continuous efforts to deliver value to customers while giving full attention and getting closer to them. Domino will continue to move forward with its customers.

