

Domino Business

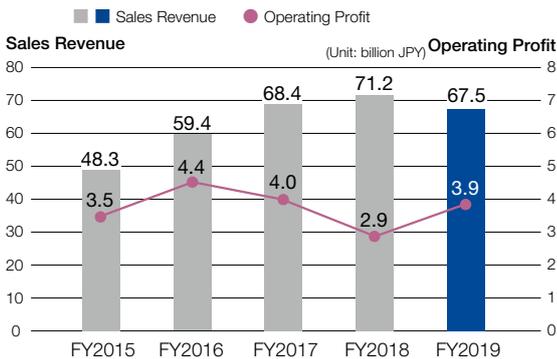


Business Objective

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

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue: 67.5 billion yen (-5.2% y/y)

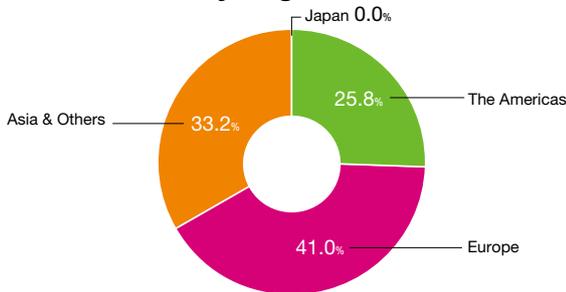
Despite sluggish demand for coding and marking equipment, sales of digital printing equipment were strong. Sales of consumables for coding and marking equipment, and digital printing equipment, were also strong globally. On the other hand, sales revenue from the Domino business overall decreased due to the negative impact of exchange rates.

Business Segment Profit: 3.8 billion yen (-4.1% y/y)

Operating Profit: 3.9 billion yen (+36.8% y/y)

Despite an increase in upfront investments such as R&D expenses, business segment profit was almost at the level anticipated in our internal plan. Operating profit increased because the loss on retirement of development assets reported last fiscal year no longer existed.

Sales Revenue by Region



Coding and Marking Equipment

Brother's Strength

Domino Printing Sciences plc ("Domino"), a consolidated subsidiary of Brother, has been growing its business steadily for more than 40 years as a UK-headquartered 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

- 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

Demand for date, barcode and other printing in the industrial printing market grew steadily as food, drugs and other production increased in emerging countries mainly in Asia. This included printing on paper, film and other packaging materials, as well as plastic bottles, cans and other containers. We are leveraging the know-how of Brother and prioritizing the enhancement of synergies with Domino to strengthen our development and sales capabilities. In the C&M business, 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



Digital Printing Equipment



Coding and Marking Equipment

Solving Social Issues Through Business

Contributing to traceability and food safety

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

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

help ensure traceability. Going forward, Domino's coding and marking equipment will continue contributing to Goal 12 (sustainable production) of the SDGs in the food industry by helping improve food safety.

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

