

Fiscal Year 2019 (ending March 31, 2020)

2nd Quarter Results
(3-month results ended September 30, 2019)

Brother Industries, Ltd.
November 5, 2019

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 FY2019 Q2

- ✓ **Despite a harsh business environment, P&S profit improved and consolidated profit was up**
 - The communications and printing equipment product mix improved and global sales of consumables were strong
 - Demand for machines tools was sluggish in the automotive, general, and IT fields
 - The N&C business reported strong sales of new online karaoke machine models
 - In the Domino business, global sales of consumables were firm.

Forecast for FY2019

- ✓ **The P&S business is performing well but cannot make up for the decline in the Machinery business, and the forecast has been revised downward since the previous forecast**
 - Foreign exchange assumptions in the P&S business were revised to a higher yen, but the forecast was revised upward in light of results for the first half
 - The forecast for Machinery business was revised downward in response to continued sluggish demand in conjunction with the global economic slowdown centered on China
 - The results forecast was revised downward and the forecast dividend per share was reduced from 66 yen to 60 yen based on the shareholder return policy (consolidated payout ratio of 35%).

Despite a harsh business environment,
P&S profit improved and consolidated profit was up

(100 Millions of Yen)

	18Q2	19Q2	Change	Rate of Change (w/o FX)
Sales Revenue	1,726	1,593	-133	-7.7% (-3.6%)
Business Segment Profit	179	185	6	3.6%
Business Segment Profit Ratio	10.4%	11.6%		
Other income/expense	-21	-1	20	
Operating Profit	158	184	27	16.9%
Operating Profit Ratio	9.1%	11.6%		
Income before Tax	159	183	24	15.3%
Net Income	120	144	24	20.1%
USD	111.55	107.70		
EUR	129.89	119.83		

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In the second quarter of FY2019, Sales revenue was down 13.3 billion yen or 7.7% year-on-year to 159.3 billion yen, and Business segment profit was up 600 million yen or 3.6% to 18.5 billion yen. Operating profit was up 2.7 billion yen or 16.9% to 18.4 billion yen. As a result of the above, net income attributable to owners of the parent was up 20.1% to 14.4 billion yen.

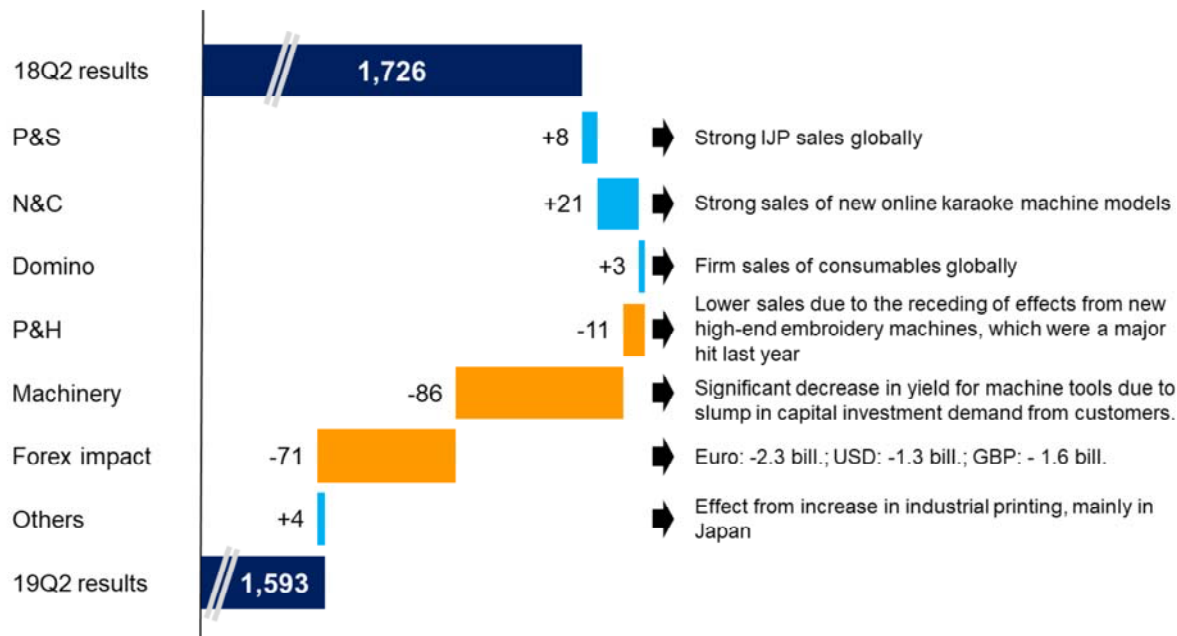
The euro depreciated by 10 yen year-on-year, and foreign exchange alone accounted for 2.8 billion yen of the decrease in sales revenues, but profit in the P&S business continued to improve, and overall profit was up.

Main Factors of Changes in Sales Revenue FY19Q2

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(100 Millions of Yen)

Sales revenue was down due to sluggish sales in the Machinery business
and negative foreign exchange effects



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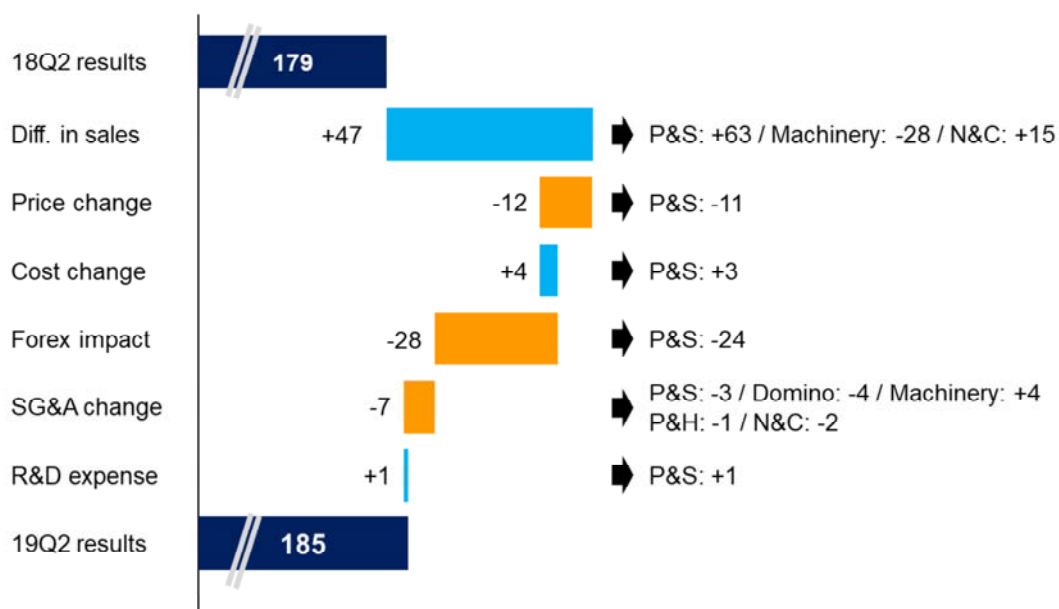
The main factors behind the changes in sales revenue were as follows.

- In the P&S business, global ink jet and consumable sales were strong, and sales of electronic stationery were firm, leading to an effective increase in sales revenues of 800 million yen.
- In the N&C business, sales of new online karaoke machine models were strong, and sales revenues were up 2.1 billion yen.
- In the Domino business, global sales of consumables were strong, leading to an effective increase in sales revenues of 300 million yen.
- In the P&H business, there was a rebound from the effects of new premium high-end sewing & embroidery machines, which were a big hit last year, and demand in the craft business was sluggish, particularly in Europe and the U.S., leading to an effective decrease of 1.1 billion yen.
- Machinery was down sharply, declining 8.6 billion yen, mainly in sales of machine tools, as a result of sluggish demand for capital investment by customers.

In addition, foreign exchange had a company-wide negative impact of 7.1 billion yen. Overall, sales revenue was down 13.3 billion yen to 159.3 billion yen.

Main Factors of Changes in Business Segment Profit FY19Q2

Higher profit was achieved due to increased profit in the P&S business



The main factors of changes in business segment profit were as follows.

The decline in sales, mainly of machine tools, had an impact on sales revenues, but as a result of improvement of the product mix in the P&S business, higher consumable sales, and effects from the launch of karaoke machines in the N&C business, sales were up 4.7 billion yen.

With regard to price changes, in the P&S business, effects from lower prices for ink tank models in some countries, price responses to acquire black-and-white laser printer in SMB market, and other factors resulted in a 1.2 billion yen decrease in profit.

Cost changes resulted in a 400 million yen increase in profit. The main factor was lower parts and material costs in the P&S business.

The impact of foreign exchange, mainly the result of changes in the value of the euro, resulted in a 2.8 billion yen decrease in profit. The impact was primarily in the P&S business.

SG&A expenses resulted in a 700 million yen decrease in profit.

R&D expense resulted in a 100 million yen increase in profit, primarily as a result of lower development expenses in the P&S business.

As a result of these factors, business segment profit was up 600 million yen year-on-year to 18.5 billion yen.

Results for FY2019 Q2 by Business Segment



(100 Millions of Yen)

		18Q2	19Q2	change
Printing & Solutions	Sales Revenue	992	951	-41
	Business Segment Profit	119	148	29
	Operating Profit	102	145	42
Personal & Home	Sales Revenue	126	110	-16
	Business Segment Profit	12	8	-4
	Operating Profit	10	8	-2
Machinery	Sales Revenue	279	188	-91
	Business Segment Profit	29	3	-26
	Operating Profit	29	3	-26
Network & Contents	Sales Revenue	118	139	21
	Business Segment Profit	4	17	13
	Operating Profit	4	17	13
Domino business	Sales Revenue	176	167	-9
	Business Segment Profit	12	8	-4
	Operating Profit	9	9	-1
Other	Sales Revenue	36	39	4
	Business Segment Profit	3	1	-2
	Operating Profit	4	3	-1
Total	Sales Revenue	1,726	1,593	-133
	Business Segment Profit	179	185	6
	Operating Profit	158	184	27

*Not including elimination amount by inter-segment transaction.

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Forecast for FY2019



(100 Millions of Yen)

	Previous Forecast	FY19 Forecast	Change	FY18	Change	Rate of Change (w/o FX)
Sales Revenue	6,900	6,420	-480	6,840	-420	-6.1% (-2.5%)
Business Segment Profit	665	600	-65	720	-120	-16.6%
Business Segment Profit Ratio	9.6%	9.3%		10.5%		
Other income/expense	-15	5	20	-0	5	
Operating Profit	650	605	-45	719	-114	-15.9%
Operating Profit Ratio	9.4%	9.4%		10.5%		
Income before Tax	650	598	-52	723	-125	-17.3%
Net Income	485	445	-40	539	-94	-17.4%
USD	110.00	108.53		110.69		
EUR	125.00	120.62		128.43		
Dividend per Share (Yen)	66.00	60.00		60.00		
Consolidated payout ratio	35.3%	35.0%		28.9%		

✓ **The P&S business is performing well but cannot make up for the decline in the Machinery business, and the forecast has been revised downward since the previous forecast**

- Foreign exchange assumptions in the P&S business were revised to a higher yen, but the forecast was revised upward in light of results for the first half
- The forecast for Machinery business was revised downward in response to prolonged sluggish demand in conjunction with the global economic slowdown centered in China
- The results forecast was revised downward and the forecast dividend per share was reduced from 66 yen to 60 yen based on the shareholder return policy (consolidated payout ratio of 35%).

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The forecast of consolidated results for the fiscal year is as follows.

The P&S business will remain firm, but assumed foreign exchange rates were revised towards a higher yen and the sluggish demand in the machinery business will become protracted, resulting in an overall downward revision from the previous forecast.

As a result, the forecast of consolidated results has been changed from the previous forecast as follows.

Sales revenues were revised downward 48.0 billion yen to 642.0 billion yen; Business segment profit was revised downward 6.5 billion yen to 60.0 billion yen; Operating profit was revised downward 4.5 billion yen to 60.5 billion yen; and Net income attributable to owners of the parent company was revised downward by 4.0 billion yen to 44.5 billion yen.

Assumed foreign exchange rates were revised from the previous projection, and the assumed rates for the projection period are as follows:

The rate for the U.S. dollar was revised from 110 yen to 108 yen per dollar, And the rate for the euro was revised from 125 yen to 120 yen per euro.

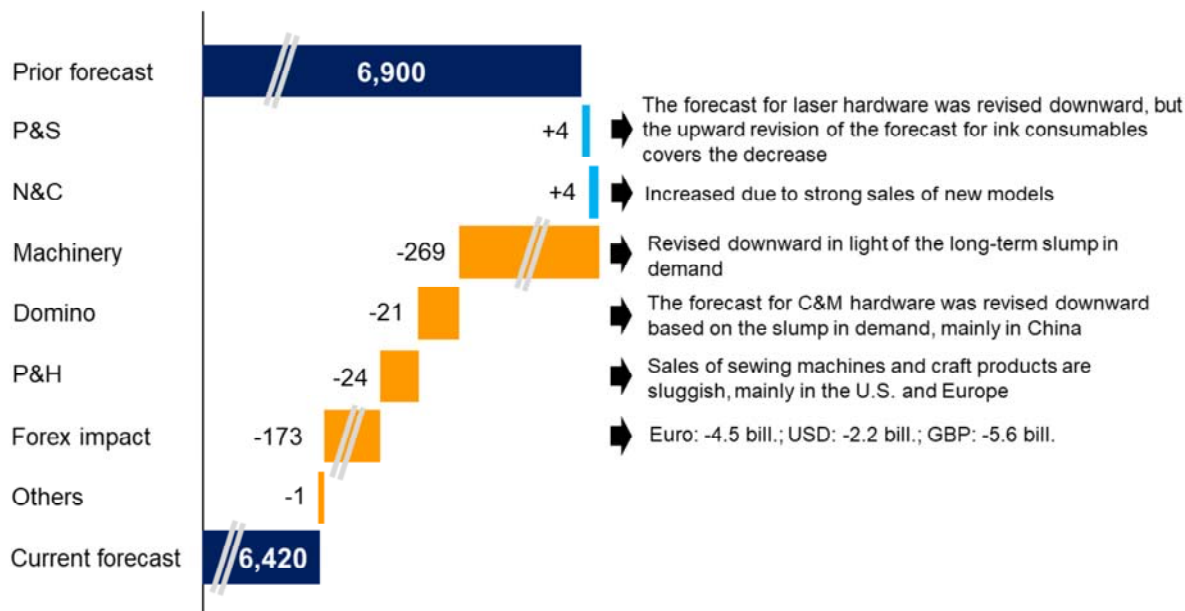
Main Factors of Changes in Sales Revenue

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(100 Millions of Yen)

The forecast was revised downward, mainly in the Machinery business, and the negative effects of foreign exchange were incorporated

* Amounts of change are on an actual basis excluding foreign exchange effects



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Next are the factors behind the changes to the forecasts for sales revenues and profit for the fiscal year.

- In the P&S business, we lowered the sales forecast for black-and-white laser printer hardware, mainly in China, but with regard to consumables, we increased the forecasts for ink and color laser printers in the Americas and increased the forecast for ink consumables sales in Japan. As a result, the overall forecast was increased by 400 million yen.
- In the N&C business, we increased the forecast by 400 million yen as a result of strong sales of new products.
- As a result of the protracted slump in demand, the forecast for Machinery, primarily machine tools, was lowered, and the forecast for the business as a whole is down 26.9 billion yen.
- In the Domino business, because of the global economic slowdown, particularly in China, we reduced the forecast for C&M hardware sales, and the forecast for the business as a whole is down 2.1 billion yen.
- In the P&H business, demand is sluggish for both home sewing machines and in the craft business, mainly in Europe and the U.S., and the forecast for the business as a whole is down 2.4 billion yen.

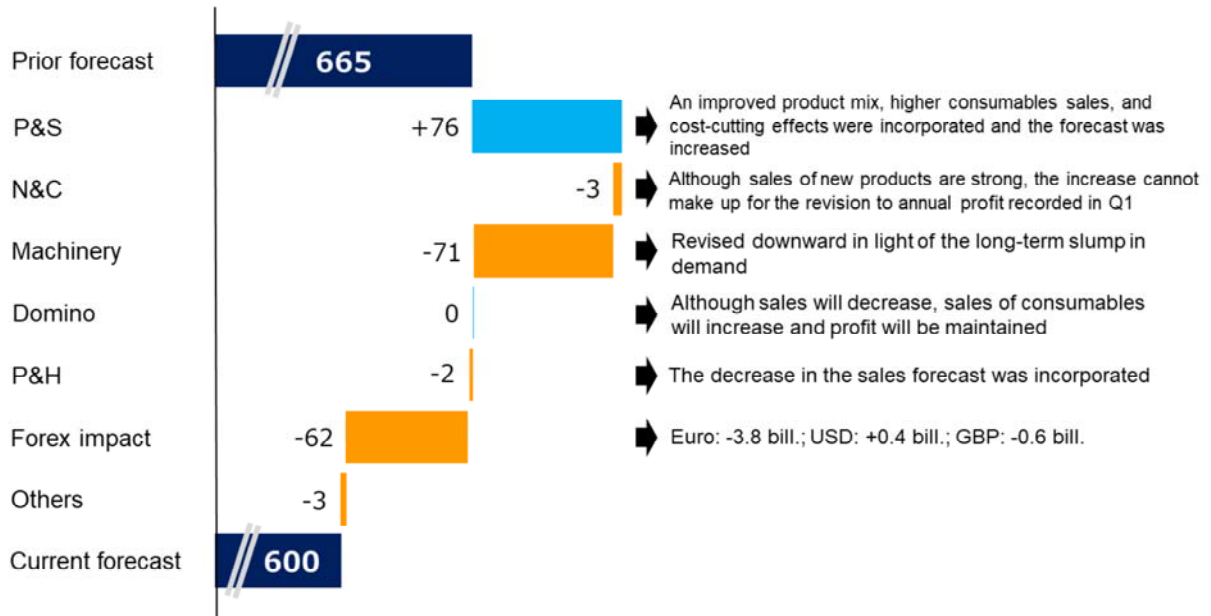
As for foreign exchange impact, the yen is expected to trend higher, and we incorporated an overall minus 17.3 billion yen impact, largely due to changes in the exchange rate for the euro. As a result, the company-wide sales revenue forecast was reduced to 642.0 billion yen.

Main Factors for Changes in Business Segment Profit

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(100 Millions of Yen)

Strong sales in the P&S business, lower sales mainly in Machinery (machine tools), and foreign exchange impacts were incorporated



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These are the factors behind the changes in business segment profit for the fiscal year.

- In the P&S business, improvement in the hardware product mix, higher consumables sales, and effects from lower costs were incorporated, resulting in an effective increase of 7.6 billion yen.
- In the N&C business, sales of new products are strong, but the correction to profit for the previous year recorded in the first quarter could not be covered, and the forecast was reduced by 300 million yen.
- As a result of the protracted slump in demand, the forecast for Machinery, primarily machine tools, was lowered by 7.1 billion yen for the business as a whole.
- In the Domino business, although hardware sales are down, sales of consumables are up, and as a result, profit will be maintained.
- In the P&H business, sluggish sales of home sewing machines and in the craft business were incorporated, and the forecast was reduced by 200 million yen.

As for foreign exchange impact, the yen is expected to trend higher, and we incorporated an overall minus 6.2 billion yen impact, largely due to changes in the exchange rate for the euro.

As a result, the company-wide business segment profit forecast was reduced to 60.0 billion yen.

Forecast for FY2019 by Business Segment



(100 Millions of Yen)

	FY18 Act	FY19 Fct	change	Previous Fct	FY19 Fct	change	
Printing & Solutions	Sales Revenue	4,030	3,873	-157	3,975	3,873	-102
	Business Segment Profit	522	504	-18	481	504	23
	Operating Profit	529	508	-21	474	508	34
Personal & Home	Sales Revenue	454	418	-36	452	418	-34
	Business Segment Profit	40	27	-13	32	27	-5
	Operating Profit	40	27	-13	32	27	-5
Machinery	Sales Revenue	1,041	798	-243	1,079	798	-281
	Business Segment Profit	98	15	-83	88	15	-73
	Operating Profit	99	14	-85	87	14	-73
Network & Contents	Sales Revenue	479	506	27	502	506	4
	Business Segment Profit	18	19	1	22	19	-3
	Operating Profit	16	17	1	20	17	-3
Domino business	Sales Revenue	712	674	-38	739	674	-65
	Business Segment Profit	39	37	-2	39	37	-2
	Operating Profit	29	39	10	39	39	0
Other	Sales Revenue	122	151	29	152	151	-1
	Business Segment Profit	4	-2	-6	3	-2	-5
	Operating Profit	8	0	-8	-2	0	2
Total	Sales Revenue	6,840	6,420	-420	6,900	6,420	-480
	Business Segment Profit	720	600	-120	665	600	-65
	Operating Profit	719	605	-114	650	605	-45

*Not including elimination amount by inter-segment transaction.

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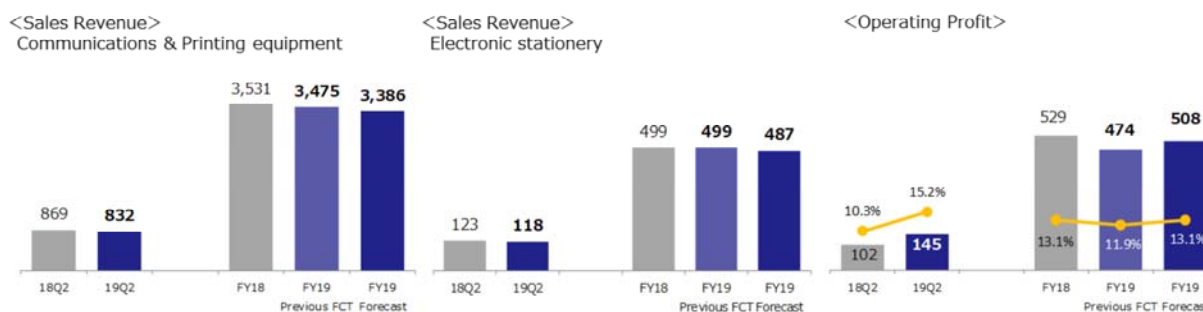
These are the forecasts for each business segment.

Printing & Solutions Sales Revenue & Profit



(100 Millions of Yen)

	18Q2	19Q2	Change	Change x FX	FY18	FY19 Previous FCT	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	992	951	-4.1%	0.8%	4,030	3,975	3,873	-3.9%	0.2%
Communications & Printing equipment	869	832	-4.2%	0.7%	3,531	3,475	3,386	-4.1%	0.0%
Americas	331	307	-7.4%	-3.1%	1,300	1,256	1,252	-3.7%	-0.3%
Europe	275	262	-4.7%	3.0%	1,162	1,146	1,101	-5.2%	1.0%
Asia & Others	159	150	-5.9%	-1.3%	620	652	599	-3.4%	1.3%
Japan	104	114	10.1%	10.1%	448	421	433	-3.4%	-3.5%
Electronic stationery	123	118	-3.8%	1.2%	499	499	487	-2.4%	1.6%
Americas	60	56	-6.0%	-2.0%	225	226	223	-1.1%	2.2%
Europe	33	34	2.2%	10.5%	145	147	143	-1.3%	5.2%
Asia & Others	20	19	-6.2%	-0.9%	79	82	74	-5.7%	0.4%
Japan	10	9	-6.3%	-6.3%	50	45	48	-5.2%	-9.0%
Business Segment Profit	119	148	24.3%	-	522	481	504	-3.4%	-
Operating Profit	102	145	41.5%	-	529	474	508	-4.0%	-



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The leftmost column of the table shows a comparison with the second quarter of the previous year. Sales revenue in the P&S business in the second quarter was 95.1 billion yen. On a local currency basis, sales revenue was up 0.8% year-on-year, and thus was nearly flat.

The breakdown is as follows.

Sales revenue for communications and printing equipment was 83.2 billion yen, nearly flat from the previous year, with an increase of 0.7% on a local currency basis.

Looking to individual regions, the growth rate in Japan was 10.1% due to strong sales of Brother brand hardware and consumables and OEM sales to other companies (details can be found on slide 12).

Next, sales revenue for electronic stationery was 11.8 billion yen, which was nearly flat from the previous year on a local currency basis, an increase of 1.2%.

Sales of label printer hardware were strong, and projects in the solutions field, mainly for mobile printers, performed well.

Business segment profit was 14.8 billion yen, up 24.3% year-on-year.

Foreign exchange has a negative impact due to the higher yen, but the effects of cost cutting, improvement of the product mix, and strong sales of consumables resulted in higher profit.

Operating profit was 14.5 billion yen, an increase of 41.5% from the previous fiscal year.

In the forecast for the year, the forecast for sales revenue in the P&S business was increased as were the forecasts for business segment profit and operating profit, and thus, the P&S business as a whole was revised upwards.

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



	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	FY2017	FY2018	FY2019 Forecast	FY2019 Forecast
LBP														
Sales revenue growth rate (JPY)														
Hardware	13%	24%	23%	11%	1%	-3%	-5%	-17%	-9%	-8%	17%	-6%	0%	-6%
Consumable	-1%	2%	9%	1%	1%	1%	-1%	-4%	2%	-6%	3%	-1%	-1%	-3%
Sales revenue growth rate (LC)														
Hardware	12%	15%	15%	10%	2%	0%	-1%	-12%	-6%	-4%	13%	-2%	2%	-2%
Consumable	-2%	-8%	2%	-1%	1%	3%	2%	-1%	4%	-1%	-2%	1%	1%	1%
IJP														
Sales revenue growth rate (JPY)														
Hardware	3%	15%	3%	-1%	-6%	-6%	2%	-6%	-2%	8%	4%	-4%	3%	2%
Consumable	4%	3%	13%	3%	1%	-1%	-3%	-5%	1%	-2%	6%	-2%	-8%	-5%
Sales revenue growth rate (LC)														
Hardware	3%	6%	-3%	-2%	-3%	-2%	6%	-1%	1%	13%	1%	-1%	5%	6%
Consumable	4%	-5%	6%	1%	1%	1%	0%	-2%	3%	3%	1%	0%	-7%	-1%
Cosumable Ratio														
	57%	57%	56%	58%	58%	58%	57%	61%	60%	58%	57%	58%	58%	58%
Growth rate of Hardware														
LBP	13%	9%	10%	3%	-1%	-8%	-7%	-16%	-13%	-4%	9%	-8%	-	-
IJP	-7%	-5%	-9%	3%	-1%	-2%	-1%	-4%	0%	13%	-5%	-2%	-	-

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Sales growth rates in the second quarter of the fiscal year were minus 4% for laser printer hardware and minus 1% for consumables.

Sales of laser printer hardware were down mainly because of a decrease in super-low-end black-and-white printers with low profitability in accordance with policy and weak sales of color printer hardware.

Laser printer hardware sales volume was down 4%, but the rate of decline in sales volume has decreased in comparison to the previous four quarters. This is because the decrease in OEM sales to other companies completed a full cycle in the first quarter.

The sales revenue growth rate and sales volume growth rate for inkjet printers were both 13% for hardware, and the sales revenue growth rate for consumables was 3%.

Sales of ink tank models remain strong in emerging countries, and in developed countries, hardware sales of both A4 conventional cartridge types and models with high-capacity cartridges known in Japan as First TANK were firm.

Sales of ink consumables were strong globally, with the exception of the Americas, and were particularly strong in Japan.

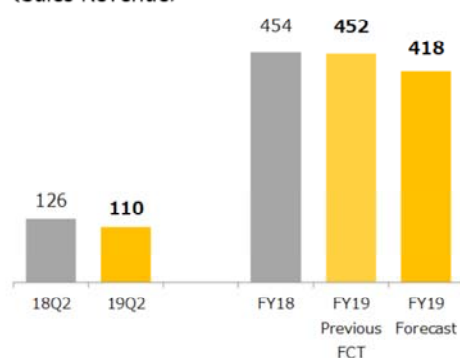
Personal & Home Sales Revenue & Profit

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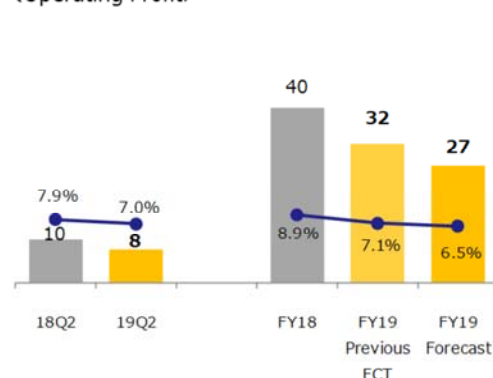
(100 Millions of Yen)

	18Q2	19Q2	Change	Change x FX	FY18	FY19 Previous FCT	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	126	110	-12.7%	-8.6%	454	452	418	-8.0%	-4.3%
Americas	81	69	-15.4%	-12.0%	258	250	234	-9.4%	-5.8%
Europe	25	22	-11.4%	-3.9%	111	113	101	-8.7%	-3.2%
Asia & Others	12	11	-3.9%	1.0%	50	54	49	-1.2%	1.5%
Japan	8	8	-2.2%	-2.2%	36	35	33	-6.3%	-4.6%
Business Segment Profit	12	8	-32.1%	-	40	32	27	-33.1%	-
Operating Profit	10	8	-23.0%	-	40	32	27	-33.0%	-

<Sales Revenue>



<Operating Profit>



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Sales revenue in the second quarter was 11.0 billion yen. On a local currency basis, the growth rate was minus 8.6%.

Effects from introduction of premium high-end sewing & embroidery machine models last year have receded, and also, demand in the craft business is sluggish, particularly in Europe and the U.S., resulting in lower sales revenue. By region, sales in the Americas of the high-end embroidery machine launched last year were strong, but sales weakened as a result of the falloff in demand.

In terms of profit, in addition to the decrease in sales revenues, foreign exchange had a negative impact because of the higher yen, and profit was down. Business segment was 800 million yen, down 32.1% year-on-year, and operating profit was 800 million yen, down 23.0% year-on-year.

With regard to the forecast for the fiscal year, demand for home sewing machines and in the craft business is sluggish, particularly in Europe and the U.S., and taking this into consideration, the forecast has been revised downward.

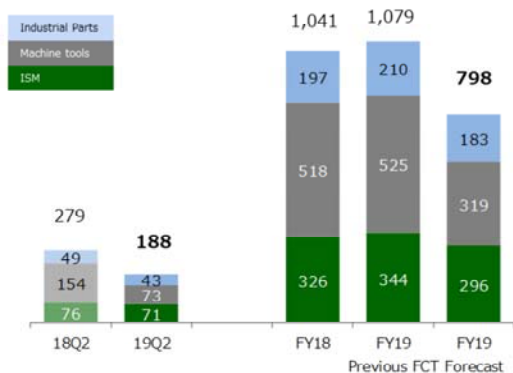
Machinery Business Sales Revenue & Profit



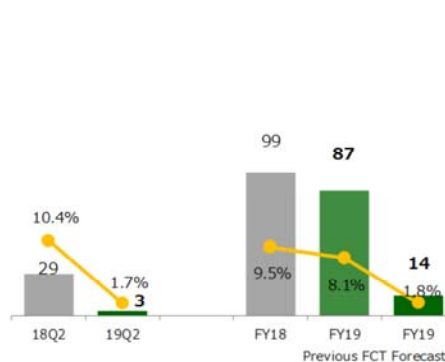
(100 Millions of Yen)

	18Q2	19Q2	Change	Change x FX	FY18	FY19 Previous FCT	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	279	188	-32.8%	-31.0%	1,041	1,079	798	-23.4%	-21.6%
Industrial sewing machines	76	71	-5.8%	-1.4%	326	344	296	-9.3%	-5.8%
Machine tools	154	73	-52.5%	-51.8%	518	525	319	-38.4%	-37.4%
Industrial Parts	49	43	-12.5%	-11.4%	197	210	183	-7.3%	-6.1%
Business Segment Profit	29	3	-89.1%	-	98	88	15	-84.6%	-
Operating Profit	29	3	-89.0%	-	99	87	14	-85.9%	-

<Sales Revenue>



<Operating Profit>



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Next is the Machinery business.

Sales revenues in the second quarter for the Machinery business as a whole were 18.8 billion yen, a decrease of 31.0% year-on-year on a local currency basis. Almost all of the decline was due to the effects of falling demand for machine tools.

The breakdown of sales revenues was as follows. 7.1 billion yen for industrial sewing machines, 7.3 billion yen for machine tools, and 4.3 billion yen for industrial parts.

Global demand for industrial sewing machines and garment printers continues to grow, mainly in Europe and the U.S., but with regard to industrial sewing machines overall, a cautious stance regarding investment has been observed, primarily in China and Asia, and overall sales revenue was down due to sluggish demand.

Demand for automotive and general machine-related machine tools was sluggish, mainly in China and Asia, and there were almost no sales of IT machine tools, resulting in a substantial decline in sales revenues overall.

With regard to industrial parts, slowing manufacturing activities in manufacturing industries overall and curbs on capital investment resulted in lower sales revenues in Japan, while sluggish demand in China and Asia caused overseas sales revenues to fall.

Business segment profit was largely affected by the decrease in machine tools sales revenues, and was 300 million yen overall, down sharply 89.1% from the previous year.

Operating profit was 300 million yen, dropping 89.0% year-on-year.

Details of the Machinery business by region are described on page 15, so please refer to that page.

With regard to the projection for the fiscal year, taking into consideration the protracted slump in capital investment demand because of economic slowdown in China and Asia, the sales revenue forecast for machine tools was revised downward.

The forecasts for industrial sewing machines and industrial parts were similarly revised downward.

Taking into consideration the decreases in sales revenues, the forecasts for business segment profit and operating profit were revised downward.

Machinery Business Sales Revenue by Region



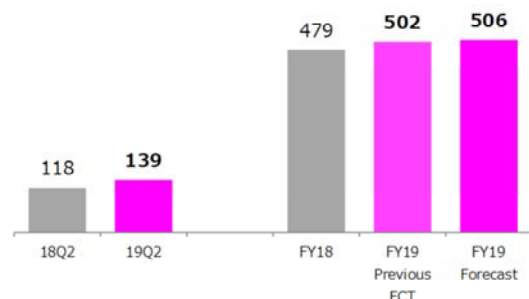
(100 Millions of Yen)

	18Q2	19Q2	Change	Change x FX	FY18	FY19 Previous FCT	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	279	188	-32.8%	-31.0%	1,041	1,079	798	-23.4%	-21.6%
Industrial sewing machines	76	71	-5.8%	-1.4%	326	344	296	-9.3%	-5.8%
Americas	16	21	27.4%	32.0%	65	71	73	11.5%	14.0%
Europe	16	15	-10.0%	-2.5%	71	75	71	-1.3%	5.9%
Asia & Others	41	33	-18.7%	-15.2%	181	190	143	-20.9%	-17.9%
Japan	2	3	15.7%	15.7%	8	8	9	10.2%	3.6%
Machine tools	154	73	-52.5%	-51.8%	518	525	319	-38.4%	-37.4%
Americas	11	3	-70.5%	-	33	40	21	-35.2%	-
Europe	9	6	-36.3%	-	30	32	24	-18.6%	-
Asia & Others	102	38	-63.2%	-	341	324	178	-47.7%	-
Japan	32	27	-16.2%	-	114	129	95	-16.4%	-
Industrial Parts	49	43	-12.5%	-11.4%	197	210	183	-7.3%	-6.1%
Americas	6	6	-4.6%	-1.4%	25	25	24	-0.5%	0.0%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	5	4	-23.9%	-17.7%	22	24	20	-8.0%	-1.5%
Japan	38	33	-12.2%	-12.2%	150	161	139	-7.9%	-7.8%

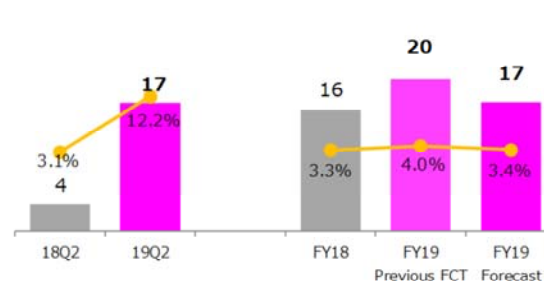
(100 Millions of Yen)

	18Q2	19Q2	Change	FY18	FY19 Previous FCT	FY19 Forecast	Change v LY
Sales Revenue	118	139	18.0%	479	502	506	5.6%
Business Segment Profit	4	17	339.5%	18	22	19	6.8%
Operating Profit	4	17	370.1%	16	20	17	6.7%

<Sales Revenue>



<Operating Profit>



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Next is the Network and Contents business.

Sales revenues in the second quarter were 13.9 billion yen, up 18.0% year-on-year. Sales of a new model of JOYSOUND MAX GO online karaoke machine, which was launched in June, have been strong, resulting in higher sales revenues.

Business segment profit was 1.7 billion yen.

As a result of strong sales of new online karaoke machine models, profit was up substantially, 339.5% higher year-on-year.

Operating profit was 1.7 billion yen, a substantial increase of 370.1% from the previous year.

As for the projection for the fiscal year, the forecast for sales revenues was revised upward based on the strong sales of new online karaoke machine models, but the increase will not be able to cover the revision to prior year losses recorded in the first quarter, and accordingly the forecasts for business segment profit and operating profit were revised downward.

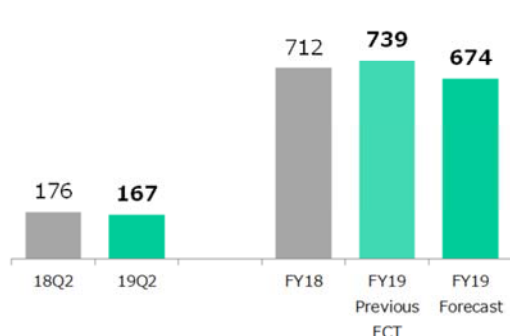
Domino Business Sales Revenue & Profit



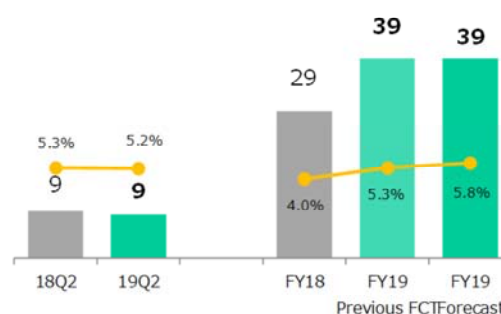
(100 Millions of Yen)

	18Q2	19Q2	Change	Change x FX	FY18	FY19 Previous FCT	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	176	167	-5.4%	1.7%	712	739	674	-5.4%	0.8%
Americas	41	42	3.8%	8.8%	159	174	158	-0.9%	5.9%
Europe	84	77	-9.2%	1.4%	358	359	336	-6.2%	0.0%
Asia & Others	51	47	-6.5%	-2.0%	195	207	180	-7.6%	3.8%
Business Segment Profit	12	8	-33.0%	-	39	39	37	-6.3%	-
Operating Profit	9	9	-7.0%	-	29	39	39	36.1%	-

<Sales Revenue>



<Operating Profit>



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Sales revenue in the Domino business was 16.7 billion yen, an increase of 1.7% on a pound basis. Looking to individual regions, sales of coding and marking machines were down, primarily in China, as a result of the effects of economic slowdown, but sales of consumables for coding and marking machines and digital printers were strong globally. On the other hand, there was a negative impact from foreign exchange, and sales revenues for the business as a whole were down.

Business segment profit was 800 million yen, down 400 million yen year-on-year, but this was due to effects from higher advance investment including research and development expenses.

Operating profit was 900 million yen, flat from the previous year.

With regard to the forecast for the fiscal year, the forecast for sales revenues from coding and marking machines hardware was revised downward, taking into consideration the protracted downturn in demand, primarily in China.

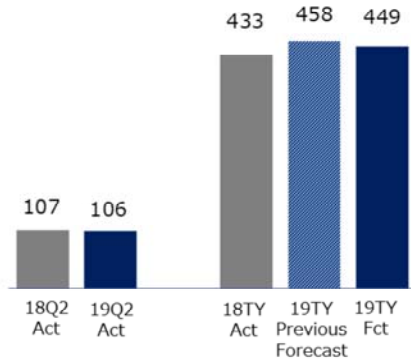
The forecast for business segment profit was revised downward by 200 million yen because of negative effects from foreign exchange, but the decrease in sales of hardware will be covered by the increase in sales of consumables, and accordingly, business segment profit will remain essentially flat.

No change was made to the previous forecast for operating profit.

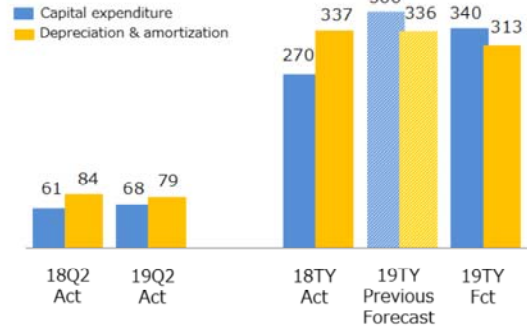
R&D expenses / Capital expenditure / Depreciation and amortization / Inventories



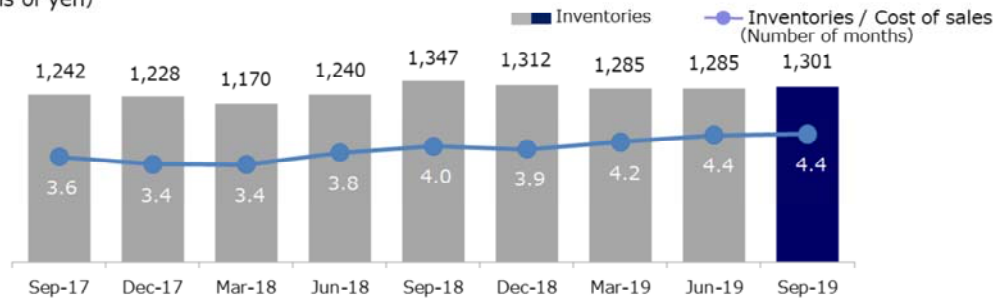
R&D expenses (100 Millions of Yen)



Capital expenditure / Depreciation & amortization (100 Millions of Yen)



Inventories (100 Millions of yen)



* Excluding acquisition and depreciation of right-of-use assets pursuant to application of IFRS 16 Leases.

The forecasts for R&D expenses, capital investment, and depreciation expenses were revised downward slightly from the previous forecast, but in all cases, the amounts were minimal and there will not be a significant impact.

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