

Highlights of Consolidated Results for the First Half and the Second Quarter of Fiscal Year ending March 31, 2020

	Millions of yen (except for per share amounts)			Change
	Six months ended September 30, 2018	Six months ended September 30, 2019		
	Y	Y		
Revenue	343,689	318,487	-7.3 %	
Business segment profit	38,363	36,164	-5.7 %	
Operating profit	38,031	36,526	-4.0 %	
Profit before income taxes	38,405	36,368	-5.3 %	
Profit for the period	28,693	27,351	-4.7 %	
Profit for the period attributable to owners of the parent company	28,553	27,275	-4.5 %	
Comprehensive income for the period	33,372	2,833	-91.5 %	
Basic earnings per share for the period (yen)	109.95	105.00		
Diluted earnings per share for the period (yen)	109.61	104.68		
Dividends per common share (yen)	30.00	30.00		

(Note) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

	As of		Change
	March 31, 2019	September 30, 2019	
Total assets	Y 708,604	Y 692,490	
Total equity	441,593	436,113	
Equity attributable to owners of the parent company	424,759	419,391	
Equity attributable to owners of the parent company ratio	59.9 %	60.6 %	
Equity attributable to owners of the parent company per share (yen)	1,635.22	1,614.44	

Highlights of Consolidated Forecast for Fiscal Year ending March 31, 2020

	Millions of yen (except for per share amounts)			Change
	Year ended March 31, 2019	[Revised] Year ending March 31, 2020		
	Y	Y		
Revenue	683,972	642,000	-6.1 %	
Business segment profit	71,973	60,000	-16.6 %	
Operating profit	71,925	60,500	-15.9 %	
Profit before income taxes	72,274	59,800	-17.3 %	
Profit for the period	54,177	44,600	-17.7 %	
Profit for the period attributable to owners of the parent company	53,902	44,500	-17.4 %	
	[Previous] Year ending March 31, 2020	[Revised] Year ending March 31, 2020	Change	
Revenue	Y 690,000	Y 642,000	-7.0 %	
Business segment profit	66,500	60,000	-9.8 %	
Operating profit	65,000	60,500	-6.9 %	
Profit for the period attributable to owners of the parent company	48,500	44,500	-8.2 %	
Basic earnings per share for the period (yen)	186.71	171.30		
Dividends per common share (yen)	66.00	60.00		

(Note 1) Forecasted operating results have been changed from the most recent announcement.

(Note 2) Forecasted dividends per common share have been changed from the most recent announcement.

(Note 3) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

Notes:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- Amounts less than 1 million yen have been rounded down.
- Yen amounts for the six months ended September 30, 2019 have been translated into U.S. dollars for convenience only, at a uniform rate of US\$1=108.00 yen, in the accompanying consolidated financial statements.
- Operating results for the six months ended September 30, 2019 are based on the following currency exchange rates:
Actual average rates for the six months ended September 30, 2019: US\$=109.00 yen, EURO=121.43 yen
Forecasts for the year ending March 31, 2020 are based on the following currency exchange rates:
Assumed average rates for the year ending March 31, 2020: US\$=108.53 yen, EURO=120.62 yen
- Number of shares outstanding (including treasury stock): 262,220 thousands as of March 31, 2019, 262,220 thousands as of September 30, 2019
Number of treasury stock outstanding: 2,463 thousands as of March 31, 2019, 2,444 thousands as of September 30, 2019
Number of weighted average shares: 259,703 thousands during the six months ended September 30, 2018, 259,773 thousands during the six months ended September 30, 2019
- Changes in Accounting Policies: The Brother Group adopted IFRS 16 "Leases" as of April 1, 2019.
The Group applied this standard in compliance with the transition provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year. Figures as of March 31, 2019 are not restated, complying with IAS 17 "Leases".

The above-mentioned forecasts are the results of estimations based on outlook for economic environment and predictions at the time of this announcement.
The actual results of business performance may sometimes differ from these forecasts due to various factors.

Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of September 30, 2019	As of September 30, 2019
Assets			
Current assets			
Cash and cash equivalents	Y 131,152	Y 107,554	\$ 995,870
Trade and other receivables	101,498	99,406	920,426
Other financial assets	7,970	10,757	99,602
Inventories	128,517	130,146	1,205,056
Other current assets	15,633	14,582	135,019
Subtotal	384,772	362,447	3,355,991
Non-current assets classified as held for sale	157	219	2,028
Total current assets	384,930	362,667	3,358,028
Non-current assets			
Property, plant and equipment	115,997	104,723	969,657
Right-of-use assets	-	28,149	260,639
Investment property	6,040	8,030	74,352
Goodwill and intangible assets	146,203	134,605	1,246,343
Investments accounted for using the equity method	1,538	1,541	14,269
Other financial assets	32,799	30,888	286,000
Deferred tax assets	14,827	15,825	146,528
Other non-current assets	6,265	6,060	56,111
Total non-current assets	323,673	329,823	3,053,917
Total assets	Y 708,604	Y 692,490	\$ 6,411,944
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	Y 62,216	Y 52,697	\$ 487,935
Bonds and borrowings	19,560	641	5,935
Other financial liabilities	2,382	8,883	82,250
Income taxes payable	8,071	5,928	54,889
Provisions	3,806	3,550	32,870
Contract liabilities	4,299	4,141	38,343
Other current liabilities	49,507	45,121	417,787
Total current liabilities	149,844	120,964	1,120,037
Non-current liabilities			
Bonds and borrowings	77,232	76,355	706,991
Other financial liabilities	9,666	30,768	284,889
Retirement benefits liabilities	17,585	17,259	159,806
Provisions	3,160	3,060	28,333
Deferred tax liabilities	6,456	5,639	52,213
Contract liabilities	890	921	8,528
Other non-current liabilities	2,174	1,408	13,037
Total non-current liabilities	117,166	135,413	1,253,824
Total liabilities	267,010	256,377	2,373,861
Equity			
Capital stock	19,209	19,209	177,861
Capital surplus	17,577	17,689	163,787
Retained earnings	462,244	481,515	4,458,472
Treasury stock	(2,694)	(2,668)	(24,704)
Other components of equity	(71,577)	(96,355)	(892,176)
Equity attributable to owners of the parent company	424,759	419,391	3,883,250
Non-controlling interests	16,833	16,722	154,833
Total equity	441,593	436,113	4,038,083
Total equity and liabilities	Y 708,604	Y 692,490	\$ 6,411,944

Consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,	Six months ended September 30,	Six months ended September 30,
	2018	2019	2019
Revenue	Y 343,689	Y 318,487	\$ 2,948,954
Cost of sales	(198,760)	(175,942)	(1,629,093)
Gross profit	144,929	142,545	1,319,861
Selling, general and administrative expenses	(106,566)	(106,380)	(985,000)
Other income	1,977	1,588	14,704
Other expenses	(2,308)	(1,226)	(11,352)
Operating profit	38,031	36,526	338,204
Finance income	4,148	1,879	17,398
Finance expenses	(3,818)	(2,106)	(19,500)
Share of profit/(loss) of investments accounted for using the equity method	43	68	630
Profit before income taxes	38,405	36,368	336,741
Income tax expenses	(9,711)	(9,017)	(83,491)
Profit for the period	28,693	27,351	253,250
Profit for the period attributable to:			
Owners of the parent company	28,553	27,275	252,546
Non-controlling interests	139	75	694
Profit for the period	Y 28,693	Y 27,351	\$ 253,250
Earnings per share:	Yen	Yen	U.S. dollars
Basic earnings per share	Y 109.95	Y 105.00	\$ 0.97
Diluted earnings per share	109.61	104.68	0.97

Consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30,	Three months ended September 30,	Three months ended September 30,
	2018	2019	2019
Revenue	Y 172,594	Y 159,255	\$ 1,474,583
Cost of sales	(100,635)	(88,199)	(816,657)
Gross profit	71,959	71,056	657,926
Selling, general and administrative expenses	(54,073)	(52,532)	(486,407)
Other income	692	775	7,176
Other expenses	(2,802)	(861)	(7,972)
Operating profit	15,776	18,438	170,722
Finance income	1,779	572	5,296
Finance expenses	(1,678)	(715)	(6,620)
Share of profit/(loss) of investments accounted for using the equity method	25	43	398
Profit before income taxes	15,902	18,339	169,806
Income tax expenses	(3,836)	(3,895)	(36,065)
Profit for the period	12,066	14,443	133,731
Profit for the period attributable to:			
Owners of the parent company	11,988	14,403	133,361
Non-controlling interests	77	40	370
Profit for the period	Y 12,066	Y 14,443	\$ 133,731
Earnings per share:	Yen	Yen	U.S. dollars
Basic earnings per share	Y 46.16	Y 55.45	\$ 0.51
Diluted earnings per share	46.02	55.27	0.51

Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2019
Profit for the period	Y 28,693	Y 27,351	\$ 253,250
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	(405)	287	2,657
Total of items that will not be reclassified subsequently to profit or loss	(405)	287	2,657
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	5,084	(24,805)	(229,676)
Total of items that may be reclassified subsequently to profit or loss	5,084	(24,805)	(229,676)
Other comprehensive income for the period, net of income tax	4,679	(24,518)	(227,019)
Comprehensive income for the period	<u>33,372</u>	<u>2,833</u>	<u>26,231</u>
Comprehensive income for the period attributable to:			
Owners of the parent company	33,204	2,801	25,935
Non-controlling interests	168	32	296
Comprehensive income for the period	Y <u>33,372</u>	Y <u>2,833</u>	\$ <u>26,231</u>

Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	Three months ended September 30, 2018	Three months ended September 30, 2019	Three months ended September 30, 2019
Profit for the period	Y 12,066	Y 14,443	\$ 133,731
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	(63)	211	1,954
Total of items that will not be reclassified subsequently to profit or loss	(63)	211	1,954
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	8,866	(8,915)	(82,546)
Total of items that may be reclassified subsequently to profit or loss	8,866	(8,915)	(82,546)
Other comprehensive income for the period, net of income tax	8,803	(8,704)	(80,593)
Comprehensive income for the period	<u>20,869</u>	<u>5,739</u>	<u>53,139</u>
Comprehensive income for the period attributable to:			
Owners of the parent company	20,738	5,726	53,019
Non-controlling interests	131	13	120
Comprehensive income for the period	<u>Y 20,869</u>	<u>Y 5,739</u>	<u>\$ 53,139</u>

Consolidated Statement of Changes in Equity

Six months ended September 30, 2018

	Millions of yen									
	Equity attributable to owners of the parent company						Other components of equity			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total	Total	Non-controlling interests	Total equity
Balance as of March 31, 2018	19,209	17,517	427,842	(2,800)	(66,255)	-	(66,255)	395,514	16,980	412,494
Cumulative effect of adoption of the new accounting standards	-	-	(393)	-	-	-	-	(393)	-	(393)
Balance as of April 1, 2018	19,209	17,517	427,449	(2,800)	(66,255)	-	(66,255)	395,120	16,980	412,101
Profit for the period	-	-	28,553	-	-	-	-	28,553	139	28,693
Other comprehensive income	-	-	-	-	5,092	(441)	4,650	4,650	28	4,679
Total comprehensive income for the period	-	-	28,553	-	5,092	(441)	4,650	33,204	168	33,372
Acquisition of treasury stock	-	-	-	(3)	-	-	-	(3)	-	(3)
Disposal of treasury stock	-	(48)	(27)	76	-	-	-	0	-	0
Dividends paid	-	-	(7,800)	-	-	-	-	(7,800)	(135)	(7,936)
Share-based payment transaction	-	137	-	-	-	-	-	137	-	137
Reclassification to retained earnings	-	-	(441)	-	-	441	441	-	-	-
Total transactions with owners	-	88	(8,270)	72	-	441	441	(7,666)	(135)	(7,802)
Balance as of September 30, 2018	19,209	17,606	447,733	(2,728)	(61,163)	-	(61,163)	420,657	17,013	437,671

Six months ended September 30, 2019

	Millions of yen									
	Equity attributable to owners of the parent company						Other components of equity			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total	Total	Non-controlling interests	Total equity
Balance as of March 31, 2019	19,209	17,577	462,244	(2,694)	(71,577)	-	(71,577)	424,759	16,833	441,593
Cumulative effect of adoption of the new accounting standards	-	-	(494)	-	-	-	-	(494)	(8)	(503)
Balance as of April 1, 2019	19,209	17,577	461,749	(2,694)	(71,577)	-	(71,577)	424,264	16,825	441,090
Profit for the period	-	-	27,275	-	-	-	-	27,275	75	27,351
Other comprehensive income	-	-	-	-	(24,777)	302	(24,474)	(24,474)	(43)	(24,518)
Total comprehensive income for the period	-	-	27,275	-	(24,777)	302	(24,474)	2,801	32	2,833
Acquisition of treasury stock	-	-	-	(2)	-	-	-	(2)	-	(2)
Disposal of treasury stock	-	(19)	(8)	28	-	-	-	0	-	0
Dividends paid	-	-	(7,803)	-	-	-	-	(7,803)	(135)	(7,938)
Share-based payment transaction	-	131	-	-	-	-	-	131	-	131
Reclassification to retained earnings	-	-	302	-	-	(302)	(302)	-	-	-
Total transactions with owners	-	111	(7,509)	25	-	(302)	(302)	(7,674)	(135)	(7,809)
Balance as of September 30, 2019	19,209	17,689	481,515	(2,668)	(96,355)	-	(96,355)	419,391	16,722	436,113

Six months ended September 30, 2019

	Thousands of U.S. dollars									
	Equity attributable to owners of the parent company						Other components of equity			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total	Total	Non-controlling interests	Total equity
Balance as of March 31, 2019	177,861	162,750	4,280,037	(24,944)	(662,750)	-	(662,750)	3,932,954	155,861	4,088,824
Cumulative effect of adoption of the new accounting standards	-	-	(4,574)	-	-	-	-	(4,574)	(74)	(4,657)
Balance as of April 1, 2019	177,861	162,750	4,275,454	(24,944)	(662,750)	-	(662,750)	3,928,370	155,787	4,084,167
Profit for the period	-	-	252,546	-	-	-	-	252,546	694	253,250
Other comprehensive income	-	-	-	-	(229,417)	2,796	(226,611)	(226,611)	(398)	(227,019)
Total comprehensive income for the period	-	-	252,546	-	(229,417)	2,796	(226,611)	25,935	296	26,231
Acquisition of treasury stock	-	-	-	(19)	-	-	-	(19)	-	(19)
Disposal of treasury stock	-	(176)	(74)	259	-	-	-	0	-	0
Dividends paid	-	-	(72,250)	-	-	-	-	(72,250)	(1,250)	(73,500)
Share-based payment transaction	-	1,213	-	-	-	-	-	1,213	-	1,213
Reclassification to retained earnings	-	-	2,796	-	-	(2,796)	(2,796)	-	-	-
Total transactions with owners	-	1,028	(69,528)	231	-	(2,796)	(2,796)	(71,056)	(1,250)	(72,306)
Balance as of September 30, 2019	177,861	163,787	4,458,472	(24,704)	(892,176)	-	(892,176)	3,883,250	154,833	4,038,083

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2019
Cash flows from operating activities			
Profit before income taxes	Y 38,405	Y 36,368	\$ 336,741
Depreciation and amortization	16,781	20,312	188,074
Finance expenses/(income)	(330)	226	2,093
Share of loss/(profit) of investments accounted for using the equity method	(43)	(68)	(630)
Losses/(gains) on sale and disposal of fixed assets	354	398	3,685
Decrease/(increase) in trade and other receivables	(1,730)	(1,812)	(16,778)
Decrease/(increase) in inventories	(15,442)	(6,498)	(60,167)
Increase/(decrease) in trade and other payables	302	(5,745)	(53,194)
Decrease/(increase) in retirement benefit assets	104	(4)	(37)
Increase/(decrease) in retirement benefit liabilities	(48)	293	2,713
Other	(2,031)	316	2,926
Subtotal	36,321	43,786	405,426
Interest received	521	493	4,565
Dividends received	245	226	2,093
Interest paid	(263)	(625)	(5,787)
Income taxes paid	(9,242)	(12,706)	(117,648)
Net cash provided by operating activities	Y 27,582	Y 31,174	\$ 288,648
Cash flows from investing activities			
Purchases of property, plant and equipment	(9,316)	(8,644)	(80,037)
Proceeds from sales of property, plant and equipment	201	506	4,685
Purchases of intangible assets	(3,584)	(4,798)	(44,426)
Purchases of investments in equity instruments	(425)	(147)	(1,361)
Proceeds from sales of investments in equity instruments	14	90	833
Purchase of investments in debt instruments	(3,139)	(3,546)	(32,833)
Proceeds from sales or redemption of investments in debt instruments	7,535	3,678	34,056
Payments for acquisition of business	-	(1,737)	(16,083)
Other	(252)	(699)	(6,472)
Net cash provided by (used in) investing activities	Y (8,967)	Y (15,298)	\$ (141,648)
Cash flows from financing activities			
Proceeds from short-term borrowings	-	111	1,028
Repayment of short-term borrowings	(959)	-	-
Proceeds from long-term borrowings	-	200	1,852
Repayment of long-term borrowings	(292)	(20,197)	(187,009)
Repayment of lease obligations	(839)	(4,261)	(39,454)
Dividends paid	(7,800)	(7,803)	(72,250)
Dividends paid to non-controlling interests	(135)	(135)	(1,250)
Other	(71)	(1)	(9)
Net cash provided by (used in) financing activities	Y (10,098)	Y (32,087)	\$ (297,102)
Effect of exchange rate changes on cash and cash equivalents	1,253	(7,386)	(68,389)
Net increase/(decrease) in cash and cash equivalents	9,769	(23,597)	(218,491)
Cash and cash equivalents at the beginning of the period	121,384	131,152	1,214,370
Cash and cash equivalents at the end of the period	Y 131,153	Y 107,554	\$ 995,870

Segment Information

Six months ended September 30, 2018

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	198,605	21,415	59,318	23,282	34,717	6,349	343,689	-	343,689
Intersegment	-	-	-	-	-	5,980	5,980	(5,980)	-
Total	198,605	21,415	59,318	23,282	34,717	12,330	349,670	(5,980)	343,689
Business segment profit	26,765	1,014	7,081	607	2,445	512	38,427	(64)	38,363
Other income and expenses	(517)	(90)	162	(73)	42	144	(331)	-	(331)
Operating profit	26,248	924	7,243	534	2,488	656	38,096	(64)	38,031
Finance income and expenses									330
Share of profit/(loss) of investments accounted for using the equity method									43
Profit before income taxes									38,405

Six months ended September 30, 2019

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	193,246	19,881	39,314	25,186	33,515	7,343	318,487	-	318,487
Intersegment	-	-	-	-	345	5,308	5,654	(5,654)	-
Total	193,246	19,881	39,314	25,186	33,861	12,652	324,142	(5,654)	318,487
Business segment profit	31,229	934	855	1,100	1,923	323	36,367	(203)	36,164
Other income and expenses	(121)	(64)	33	46	51	416	362	-	362
Operating profit	31,108	870	889	1,147	1,974	739	36,730	(203)	36,526
Finance income and expenses									(226)
Share of profit/(loss) of investments accounted for using the equity method									68
Profit before income taxes									36,368

Six months ended September 30, 2019

	Thousand of U.S. dollars						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	1,789,315	184,083	364,019	233,204	310,324	67,991	2,948,954	-	2,948,954
Intersegment	-	-	-	-	3,194	49,148	52,352	(52,352)	-
Total	1,789,315	184,083	364,019	233,204	313,528	117,148	3,001,315	(52,352)	2,948,954
Business segment profit	289,157	8,648	7,917	10,185	17,806	2,991	336,731	(1,880)	334,852
Other income and expenses	(1,120)	(593)	306	426	472	3,852	3,352	-	3,352
Operating profit	288,037	8,056	8,231	10,620	18,278	6,843	340,093	(1,880)	338,204
Finance income and expenses									(2,093)
Share of profit/(loss) of investments accounted for using the equity method									630
Profit before income taxes									336,741

Notes:

1) Main products in each business segment are as follows:

Printing & Solutions	Printers, All-in-Ones, Labeling Systems, Label Printers, Scanners, etc.
Personal & Home	Home Sewing Machines, Home Cutting Machines, etc.
Machinery	Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers, Gears, etc.
Network & Contents	Online Karaoke Systems, Management of Karaoke Clubs, Content Services, etc.
Domino	Cording & Marking Equipment, Digital Printing Equipment, etc.
Others	Real Estate, etc.

2) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

Segment Information

Three months ended September 30, 2018

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	99,151	12,604	27,922	11,753	17,611	3,550	172,594	-	172,594
Intersegment	-	-	-	-	-	3,123	3,123	(3,123)	-
Total	99,151	12,604	27,922	11,753	17,611	6,673	175,717	(3,123)	172,594
Business segment profit	11,901	1,160	2,920	384	1,222	340	17,930	(44)	17,885
Other income and expenses	(1,663)	(165)	(23)	(26)	(293)	63	(2,109)	-	(2,109)
Operating profit	10,237	994	2,896	358	928	404	15,820	(44)	15,776
Finance income and expenses									101
Share of profit/(loss) of investments accounted for using the equity method									25
Profit before income taxes									15,902

Three months ended September 30, 2019

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	95,052	10,997	18,773	13,867	16,662	3,902	159,255	-	159,255
Intersegment	-	-	-	-	171	2,770	2,941	(2,941)	-
Total	95,052	10,997	18,773	13,867	16,834	6,672	162,197	(2,941)	159,255
Business segment profit	14,789	788	319	1,691	819	121	18,529	(6)	18,523
Other income and expenses	(307)	(22)	0	(5)	44	205	(85)	-	(85)
Operating profit	14,482	765	319	1,685	863	327	18,444	(6)	18,438
Finance income and expenses									(142)
Share of profit/(loss) of investments accounted for using the equity method									43
Profit before income taxes									18,339

Three months ended September 30, 2019

	Thousand of U.S. dollars						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	880,111	101,824	173,824	128,398	154,278	36,130	1,474,583	-	1,474,583
Intersegment	-	-	-	-	1,583	25,648	27,231	(27,231)	-
Total	880,111	101,824	173,824	128,398	155,870	61,778	1,501,824	(27,231)	1,474,583
Business segment profit	136,935	7,296	2,954	15,657	7,583	1,120	171,565	(56)	171,509
Other income and expenses	(2,843)	(204)	0	(46)	407	1,898	(787)	-	(787)
Operating profit	134,093	7,083	2,954	15,602	7,991	3,028	170,778	(56)	170,722
Finance income and expenses									(1,315)
Share of profit/(loss) of investments accounted for using the equity method									398
Profit before income taxes									169,806

Notes:

1) Main products in each business segment are as follows:

Printing & Solutions	Printers, All-in-Ones, Labeling Systems, Label Printers, Scanners, etc.
Personal & Home	Home Sewing Machines, Home Cutting Machines, etc.
Machinery	Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers, Gears, etc.
Network & Contents	Online Karaoke Systems, Management of Karaoke Clubs, Content Services, etc.
Domino	Cording & Marking Equipment, Digital Printing Equipment, etc.
Others	Real Estate, etc.

2) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

FY2019 Q2 Results

Supplementary Information

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Brother Industries, Ltd.

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.

1. Consolidated results

(Millions of yen)

	2018 2Q Act	2019 2Q Act	Change (w/o fx impact)	2018 2Q YTD	2019 2Q YTD	Change (w/o fx impact)
Sales Revenue	172,594	159,255	-7.7% (-3.6%)	343,689	318,487	-7.3% (-4.2%)
Business Segment profit	17,885	18,523	3.6%	38,363	36,164	-5.7%
Operating profit	15,776	18,438	16.9%	38,031	36,526	-4.0%
Net Income	11,988	14,403	20.1%	28,553	27,275	-4.5%
ROS(Business Segment profit)	10.4%	11.6%	-	11.2%	11.4%	-
ROS(Operating profit)	9.1%	11.6%	-	11.1%	11.5%	-
Yen-USD	111.55	107.70	-	110.07	109.00	-
Yen-Euro	129.89	119.83	-	129.88	121.43	-
Yen-GBP	145.84	132.73	-	146.99	136.84	-

	2018 Full Year Act	2019 Full Year Fct	Change (w/o fx impact)	2019 Previous Forecast	2019 Revised Forecast	Change (w/o fx impact)
Sales Revenue	683,972	642,000	-6.1% (-2.5%)	690,000	642,000	-7.0% (-4.4%)
Business Segment profit	71,973	60,000	-16.6%	66,500	60,000	-9.8%
Operating profit	71,925	60,500	-15.9%	65,000	60,500	-6.9%
Net Income	53,902	44,500	-17.4%	48,500	44,500	-8.2%
ROS(Business Segment profit)	10.5%	9.3%	-	9.6%	9.3%	-
ROS(Operating profit)	10.5%	9.4%	-	9.4%	9.4%	-
Yen-USD	110.69	108.53	-	110.00	108.53	-
Yen-Euro	128.43	120.62	-	125.00	120.62	-
Yen-GBP	145.68	133.89	-	145.00	133.89	-

2. Balance sheet

(Millions of yen)

	2018 Full Year Act	2019 2Q Act	Change
Current assets	384,930	362,667	- 22,263
Non-current assets	323,673	329,823	6,150
Current liabilities	149,844	120,964	- 28,879
Non-current liabilities	117,166	135,413	18,246
Equity attributable to owners of the parent company	424,759	419,391	- 5,368
Total assets	708,604	692,490	- 16,113
Cash & cash equivalents	131,152	107,554	-23,597
Interest-bearing debt	96,792	76,997	-19,795
DER*	0.23	0.18	—
Equity ratio attributable to owners of the parent company	59.9%	60.6%	—

* DER = Interest-bearing debt / Equity attributable to owners of the parent company

3. Cash flows

(Millions of yen)

	2018 2Q Act	2019 2Q Act	Change	2018 2Q YTD	2019 2Q YTD	Change
Net cash provided by operating activities	10,982	18,730	7,748	27,582	31,174	3,592
Net cash used in investing activities	- 1,567	- 5,891	- 4,324	- 8,967	- 15,298	- 6,331
Net cash used in financing activities	- 387	- 22,453	- 22,066	- 10,098	- 32,087	- 21,988
Cash and cash equivalents at end of period	131,153	107,554	- 23,599	131,153	107,554	- 23,599

4. Sales Revenue by business segment

(Millions of yen)

	2018 2Q Act	2019 2Q Act	Change (w/o fx impact)
Printing & Solutions	99,151	95,052	-4.1% (+0.8%)
Communications and Printing equipment	86,855	83,225	-4.2% (+0.7%)
Electronic stationery	12,295	11,826	-3.8% (+1.2%)
Personal & Home	12,604	10,997	-12.7% (-8.6%)
Machinery	27,922	18,773	-32.8% (-31.0%)
Industrial sewing machines	7,589	7,145	-5.8% (-1.4%)
Machine tools	15,400	7,311	-52.5% (-51.8%)
Industrial Parts	4,933	4,316	-12.5% (-11.4%)
Network & Contents	11,753	13,867	18.0% (+18.0%)
Domino	17,611	16,662	-5.4% (+1.7%)
Others	3,550	3,902	9.9% (+9.9%)
G. total	172,594	159,255	-7.7% (-3.6%)

	2018 2Q YTD	2019 2Q YTD	Change (w/o fx impact)
	198,605	193,246	-2.7% (+1.0%)
Printing & Solutions	174,419	168,985	-3.1% (+0.6%)
Personal & Home	24,186	24,261	0.3% (+3.9%)
Machinery	21,415	19,881	-7.2% (-3.8%)
Industrial sewing machines	59,318	39,314	-33.7% (-32.4%)
Machine tools	16,249	14,372	-11.5% (-8.7%)
Machine tools	33,182	16,186	-51.2% (-50.6%)
Industrial Parts	9,886	8,754	-11.4% (-10.7%)
Network & Contents	23,282	25,186	8.2% (+8.2%)
Domino	34,717	33,515	-3.5% (+1.8%)
Others	6,349	7,343	15.6% (+15.6%)
G. total	343,689	318,487	-7.3% (-4.2%)

	2018 Full Year Act	2019 Full Year Fct	Change (w/o fx impact)
Printing & Solutions	403,036	387,300	-3.9% (+0.2%)
Communications and Printing equipment	353,120	338,600	-4.1% (+0.0%)
Electronic stationery	49,916	48,700	-2.4% (+1.6%)
Personal & Home	45,445	41,800	-8.0% (-4.3%)
Machinery	104,130	79,800	-23.4% (-21.6%)
Industrial sewing machines	32,626	29,600	-9.3% (-5.8%)
Machine tools	51,768	31,900	-38.4% (-37.4%)
Industrial Parts	19,735	18,300	-7.3% (-6.1%)
Network & Contents	47,926	50,600	5.6% (+5.6%)
Domino	71,234	67,400	-5.4% (+0.8%)
Others	12,198	15,100	23.8% (+24.1%)
G. total	683,972	642,000	-6.1% (-2.5%)

	2019 Previous Forecast	2019 Revised Forecast	Change (w/o fx impact)
	397,500	387,300	-2.6% (+0.1%)
Printing & Solutions	347,500	338,600	-2.6% (+0.1%)
Personal & Home	49,900	48,700	-2.4% (+0.3%)
Machinery	45,200	41,800	-7.5% (-5.2%)
Industrial sewing machines	107,900	79,800	-26.0% (-24.9%)
Machine tools	34,400	29,600	-14.0% (-11.4%)
Machine tools	52,500	31,900	-39.2% (-38.6%)
Industrial Parts	21,000	18,300	-12.9% (-12.8%)
Network & Contents	50,200	50,600	0.8% (+0.8%)
Domino	73,900	67,400	-8.8% (-2.9%)
Others	15,200	15,100	-0.7% (-0.4%)
G. total	690,000	642,000	-7.0% (-4.4%)

5. Business Segment profit by business segment

(Millions of yen)

	2018 2Q Act	2019 2Q Act	Change
Printing & Solutions	11,901	14,789	24.3%
Personal & Home	1,160	788	-32.1%
Machinery	2,920	319	-89.1%
Network & Contents	384	1,691	339.5%
Domino	1,222	819	-33.0%
Others	340	121	-64.2%
Adjustment	-44	-6	-
G. total	17,885	18,523	3.6%

	2018 2Q YTD	2019 2Q YTD	Change
	26,765	31,229	16.7%
Printing & Solutions	1,014	934	-7.9%
Personal & Home	7,081	855	-87.9%
Machinery	607	1,100	81.2%
Network & Contents	2,445	1,923	-21.4%
Domino	512	323	-36.8%
Others	-64	-203	-
G. total	38,363	36,164	-5.7%

	2018 Full Year Act	2019 Full Year Fct	Change
Printing & Solutions	52,181	50,400	-3.4%
Personal & Home	4,037	2,700	-33.1%
Machinery	9,753	1,500	-84.6%
Network & Contents	1,778	1,900	6.8%
Domino	3,948	3,700	-6.3%
Others	436	-200	-
Adjustment	-161	0	-
G. total	71,973	60,000	-16.6%

	2019 Previous Forecast	2019 Revised Forecast	Change
	48,100	50,400	4.8%
Printing & Solutions	3,200	2,700	-15.6%
Personal & Home	8,800	1,500	-83.0%
Machinery	2,200	1,900	-13.6%
Network & Contents	3,900	3,700	-5.1%
Domino	300	-200	-
Others	0	0	-
G. total	66,500	60,000	-9.8%

6. Operating profit by business segment

(Millions of yen)

	2018 2Q Act	2019 2Q Act	Change
Printing & Solutions	10,237	14,482	41.5%
Personal & Home	994	765	-23.0%
Machinery	2,896	319	-89.0%
Network & Contents	358	1,685	370.1%
Domino	928	863	-7.0%
Others	404	327	-19.0%
Adjustment	-44	-6	-
G. total	15,776	18,438	16.9%

	2018 2Q YTD	2019 2Q YTD	Change
	26,248	31,108	18.5%
Printing & Solutions	924	870	-5.9%
Personal & Home	7,243	889	-87.7%
Machinery	534	1,147	114.8%
Network & Contents	2,488	1,974	-20.7%
Domino	656	739	12.6%
Others	-64	-203	-
G. total	38,031	36,526	-4.0%

	2018 Full Year Act	2019 Full Year Fct	Change
Printing & Solutions	52,903	50,800	-4.0%
Personal & Home	4,028	2,700	-33.0%
Machinery	9,910	1,400	-85.9%
Network & Contents	1,593	1,700	6.7%
Domino	2,864	3,900	36.1%
Others	786	0	-
Adjustment	-161	-	-
G. total	71,925	60,500	-15.9%

	2019 Previous Forecast	2019 Revised Forecast	Change
	47,400	50,800	7.2%
Printing & Solutions	3,200	2,700	-15.6%
Personal & Home	8,700	1,400	-83.9%
Machinery	2,000	1,700	-15.0%
Network & Contents	3,900	3,900	-
Domino	-200	0	-
Others	-	-	-
G. total	65,000	60,500	-6.9%

7. Sales revenue by region

(Millions of yen)

	2017 Full Year Act	2018 Full Year Act	Change
The Americas	209,602	208,916	-0.3%
Europe	181,224	180,341	-0.5%
Asia & Others	201,162	170,293	-15.3%
Japan	121,008	124,421	2.8%
G. total	712,997	683,972	-4.1%

8. R&D Expenses / Capex / Depreciation & Amortization

(Millions of yen)

	2018 2Q Act	2019 2Q Act	Change
R&D Expenses	10,657	10,595	- 62
Capex	6,147	6,759	612
Depreciation & Amortization	8,359	7,854	- 505

	2017 2Q YTD	2018 2Q YTD	Change
	20,743	20,872	128
	11,742	11,363	- 379
	16,781	15,942	- 839

	2018 Full Year Act	2019 Full Year Fct	Change
R&D Expenses	43,259	44,900	1,640
Capex	27,030	34,000	6,969
Depreciation & Amortization	33,674	31,300	- 2,374

	2019 Previous Forecast	2019 Revised Forecast	Change
	45,800	44,900	- 900
	36,600	34,000	- 2,600
	33,600	31,300	- 2,300

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

9. Other Financial Data

	2017 Full Year Act	2018 Full Year Act
ROE	13.5%	13.1%
ROA	7.2%	7.6%
EPS	192.63	207.54
Dividend per Share	54.0	60.0
Dividend payout ratio	28.0%	28.9%

10. Exchange rates

	2018 2Q Act	2019 2Q Act
Yen-USD	111.55	107.70
Yen-Euro	129.89	119.83
Yen-GBP	145.84	132.73

	2017 Full Year Act	2018 Full Year Act	2019 Full Year Fct
	110.81	110.69	108.53
	129.45	128.43	120.62
	147.27	145.68	133.89